

ANNUAL BUDGET OF MTHONJANENI MUNICIPALITY



2016/17 TO 2018/19 MEDIUM TERM REVENUE & EXPENDITURE FORECASTS

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ANNEXURE**Budget Related Policies****DAFT SDBIP****ABBREVIATIONS & ACRONYMS**

AMR	Automated Meter Reading	MMC	Member of Mayoral Committee
ASGISA	Accelerated and Shared Growth Initiative	MPRA	Municipal Properties Rates Act
BPC	Budget Planning Committee	MSA	Municipal Systems Act
CBD	Central Business District	MTEF	Medium-term Expenditure Framework
CFO	Chief Financial Officer	MTREF	Medium-term Revenue and Expenditure Framework
CM	Municipality Manager	NERSA	National Electricity Regulator South Africa
CPI	Consumer Price Index	NGO	Non-Governmental organisations
CRRF	Capital Replacement Reserve Fund	NKPIs	National Key Performance Indicators
DBSA	Development Bank of South Africa	OHS	Occupational Health and Safety
DoRA	Division of Revenue Act	OP	Operational Plan
DWA	Department of Water Affairs	PBO	Public Benefit Organisations
EE	Employment Equity	PHC	Provincial Health Care
EEDSM	Energy Efficiency Demand Side Management	PMS	Performance Management System
EM	Executive Mayor	PPE	Property Plant and Equipment
FBS	Free basic services	PPP	Public Private Partnership
GAMAP	Generally Accepted Municipal Accounting Practice	PTIS	Public Transport Infrastructure System
GDP	Gross domestic product	RG	Restructuring Grant
GDS	Gauteng Growth and Development Strategy	RSC	Regional Services Council
GFS	Government Financial Statistics	SALGA	South African Local Government Association
GRAP	General Recognised Accounting Practice	SAPS	South African Police Service
HR	Human Resources	SDBIP	Service Delivery Budget Implementation Plan
HSRC	Human Science Research Council	SMME	Small Micro and Medium Enterprises
IDP	Integrated Development Strategy		
IT	Information Technology		
kℓ	kilolitre		
km	kilometre		
KPA	Key Performance Area		
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act Programme		
MIG	Municipal Infrastructure Grant		

SPECIAL COUNCIL : 26.05.2016

**MLMSC 16/210
2016/17 FINANCIAL YEAR ANNUAL BUDGET**

COUNCIL RESOLVED THAT:

1. The council approves the budget for 2016/17 financial year and budget related policies.

ADDRESS BY MTHONJANENI MAYOR, CLLR MBANGISENI BIYELA, AT THE IDP/BUDGET ON 26 MAY 2016

Programme Director, Deputy Mayor, Speaker, all councillors, Mthonjaneni management and staff. Amakhosi, businessmen and women, members of the media as well as the community at large. Good day and welcome.

It is indeed a remarkable occasion to be leading this municipality. Over the years we have always held our IDP and budget road shows around the municipal wards. Today marks the first ever occasion of this magnitude. After much thoughts and consideration, we saw it befitting to invite all of you here, especially the traditional leadership and businessmen and women.

We should all remember that no municipality or council exists alone. Without all of you, from councillors, to the staff, to the community and business people we wouldn't exist. I thought it's crucial to thank and acknowledge each and every one of you for honouring our invitation. We understand that most of you had to close up and take time out of your demanding work commitments to be with us today. From the bottom of our hearts as the leadership of this municipality, we would like to extend our deepest gratitude.

As you can clearly see, today we have taken our IDP and budget consultations a notch further by inviting you as the business community. By this we believe that we would be able to engage properly and hopefully carve a way forward in as far as delivering services and uplifting our communities is concerned.

As a preamble, ladies and gentlemen, we need to establish that our municipality has undergone some changes over the past few months. Some of you have been tracking these developments in the media. And like any concerned resident and businessman and women, you may have some issues you require clarity on with regard to all these media reports.

Without dwelling much on the nitty-gritties, it suffices to say that it is business as usual. We wish to reassure all our communities that Mthonjaneni Municipality still strives for excellence and our will to provide services still remains.

Ladies and gentlemen, it is my pleasure to announce that Mthonjaneni has reached 100% for the provision of sanitation. This is a remarkable achievement in our existence as this municipality, and we are certain this is welcome news to all of you. It is further assurance that this council remains committed to delivering services. This is indeed a mean feat, especially considering the size of our municipality and the resources with which we operate.

Our budget for the 2016/17 financial year is around R138 million.

It is the intention of this municipality to ensure that a huge portion of this allocation be utilized for provision of infrastructure. Construction of access roads, halls, sport fields still remain at the apex of our agenda.

We have recently completed building several halls, including in Ward 2 (KwaMagwaza), Ward 3, Ward 4 as well as in Ward 5.

We appeal to the business community to assist us in ensuring that these buildings do not become white elephants. We urge you to assist partner with us in providing sporting activities, arts and culture and educational initiatives. By so doing, we will keep our youth off the streets by having them focus on education and sporting/cultural activities.

We have dedicated a portion of our budget towards Local Economic Development, which I'm sure most of your interest is in. As local businessmen and women, this council, the provincial and national spheres of government, we must pull together our resources to create an environment conducive to enticing investors to our locality.

It is important to show compassion to our communities who are battling the drought. Towards the end of 2015 Minister of Cooperative Affairs, Governance and Traditional Affairs, Ms Nomusa Dube-Ncube, declared our province as a disaster area on account of the drought.

As this council we are working tirelessly to ensure that the District assists in providing water tankers and boreholes to alleviate the drought situation. We

would like to appeal to the business community at large to assist us in this regard, in every way you can.

We have lined up a few other projects and activities towards the run up to the local government elections in August. Starting tomorrow where we will officially open our two new parks just up the road from here. This is just another initiative to promote our town as a family-friendly town. We would encourage all families to utilize the parks for recreational purposes.

In the month of June we would host a few events to rally support for our youth and upcoming artists. My office has also dedicated a huge chunk of money towards promoting sports. This we will do by hosting the Mayoral Cup. Again, we wish to extend an invitation to the business community to partner with us in such activities.

Lastly, I want to announce that the size of this municipality has grown from six wards to 13. This is a result of the new demarcation which has put paid to Ntambanana Municipality and incorporated 4 of their wards into Mthonjaneni and another ward into Mfolozi Municipality. Rest assured, we will still strive to service all our people coming from Ntambanana with as much vigour as we do our people in and around Mthonjaneni.

Ladies and gentlemen, we are gearing up for the local government elections on the 3rd of August. We therefore appeal for tolerance during this delicate people. And when the time comes, we hope that you will use your universal suffrage to benefit the needs of the entire community.

Once again thank you for honouring our invitation.

Thank you.

PART 1- ANNUAL BUDGET

1.1 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

In the compilation of this budget the municipality has taken note of the Cabinet resolution of 23 October 2013 by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measure as of January 2014. These cost containment measures must be implemented to eliminate waste, reprioritise spending and ensure savings on six focus arrears namely consultancy fees, no credit cards, travel and related costs, advertising, catering and events costs as well as accommodation.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Most of which will benefit the municipality as well as consumers.

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Escalating electricity losses
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies and the absorption of fire fighters,
- Affordability of capital projects – only R8.5 million will be received as a grant for rural electrification projects, which will result in a further strain on investments.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 draft annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 MTREF

R thousand	Adjustment budget 2015/16	Budget year 2016/17	Budget year +1 2017/18	Budget year +2 2018/19
Total operating revenue	131 561	138 925 000	138 541 000	145 401 000
Total operating expenditure	107 448	138 900 000	147 234 000	156 068 000
Surplus/(Deficit) for the year	24 113	25 000	(8693 000)	(10 667 000)
Total capital expenditure	37 339	34 242 000	36 296 000	38 474 000

Total operating revenue has increased by 5.6% or R7.4 million for the 2016/17 financial year when compared to the 2015/16 adjustments budget due to the general increase in the services charge and increases in the government grant allocations for the 2015/16 financial year. For the outer years, operational revenue will increase by 5% for 2018/19.

Total operating expenditure for the 2016/17 financial year has been appropriated at R138.9 million and translates into a budget surplus of R25 000. When compared to the 2015/16 Adjustment Budget, operational expenditure has increased by 29.2% in the 2016/17 budget and increased by 6% for each of respective outer years of the MTREF.

The capital budget of R34.2 million for 2015/16 is 9.0% less compared to the 2015/16. The capital budget of Mthonjaneni Municipality is funded by National Government Grants i.e. Municipal Infrastructure Grant to the extent of R18.9 million, R8.5 million in respect of INEP. The balance of capital asset will be funded from internally generated funds and investments

1.2 OPERATING REVENUE FRAMEWORK

For Mthonjaneni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to achieve a 95% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue sourceA4

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	7 085	6 979	9 274	14 987	11 987	11 987	-	9 882	12 350	13 091
Property rates - penalties & collection charges		337	527	634	672	672	672		580	615	652
Service charges - electricity revenue	2	16 696	17 987	19 806	22 222	22 222	22 222	-	22 702	24 064	25 508
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 079	1 132	1 209	1 281	1 281	1 281	-	1 088	1 153	1 222
Service charges - other											
Rental of facilities and equipment		498	245	446	473	473	473		507	537	569
Interest earned - external investments		3 410	4 209	2 800	2 968	2 968	2 968		3 146	3 335	3 535
Interest earned - outstanding debtors											
Dividends received											
Fines		2 462	15 884	17 773	18 840	18 840	18 840		20 000	21 200	22 472
Licences and permits		2 795	2 442	3 344	3 545	3 545	3 545		2 516	2 667	2 827
Agency services											
Transfers recognised - operational		39 697	21 447	37 944	46 537	46 537	46 537		76 610	70 613	73 397
Other revenue	2	428	1 463	323	1 550	1 559	1 559	-	1 287	1 364	1 446
Gains on disposal of PPE			43	408	573	573	573		608	644	683
Total Revenue (excluding capital transfers and contributions)		74 487	72 358	93 960	113 648	110 657	110 657	-	138 926	138 543	145 402

Table 3 percentage growth in revenue by main revenue source A4

Description	Ref	2014/15	Current Year 2015/16		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
		Audited Outcome	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	Pre-audit outcome
Revenue By Source										
Property rates	2	9 274	11 987	29,25%	9 882	-17,56%	10 475	6,00%	11 104	6,00%
Property rates - penalties & collection charges		634	672	6,00%	580	-13,69%	615	6,00%	652	6,00%
Service charges - electricity revenue	2	19 806	22 222	12,20%	22 702	2,16%	24 064	6,00%	25 508	6,00%
Service charges - water revenue	2	-	-		-		-		-	-
Service charges - sanitation revenue	2	-	-		-		-		-	-
Service charges - refuse revenue	2	1 209	1 281	6,00%	1 088	-15,07%	1 153	6,00%	1 222	6,00%
Service charges - other										
Rental of facilities and equipment		446	473	6,05%	507	7,19%	537	6,00%	569	6,00%
Interest earned - external investments		2 800	2 968	6,00%	3 146	6,00%	3 335	6,00%	3 535	6,00%
Interest earned - outstanding debtors										
Dividends received										
Fines		17 773	18 840	6,00%	20 000	6,16%	21 200	6,00%	22 472	6,00%
Licences and permits		3 344	3 545	6,00%	2 516	-29,06%	2 667	6,00%	2 827	6,00%
Agency services										
Transfers recognised - operational		37 944	46 537	22,65%	76 610	64,62%	70 613	6,00%	73 397	6,00%
Other revenue	2	323	1 559	382,66%	1 287	-17,45%	1 364	6,00%	1 446	6,00%
Gains on disposal of PPE		408	573	40,44%	608	6,11%	644	6,00%	683	6,00%
Total Revenue (excluding capital transfers and contributions)		93 960	110 657	-	138 926		138 543		145 402	-

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Description	Ref	Current Year 2015/16		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand	1	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	Pre-audit outcome
Revenue By Source									
Property rates	2	11 987	10,83%	9 882	7,11%	10 475	7,56%	11 104	7,64%
Property rates - penalties & collection charges		672	0,61%	580	0,42%	615	0,44%	652	0,44%
Service charges - electricity revenue	2	22 222	20,08%	22 702	16,34%	24 064	17,37%	25 508	17,54%
Service charges - water revenue	2	–		–		–		–	–
Service charges - sanitation revenue	2	–		–		–		–	–
Service charges - refuse revenue	2	1 281	1,16%	1 088	0,78%	1 153	0,83%	1 222	0,84%
Service charges - other									
Rental of facilities and equipment		473	0,42%	507	0,36%	537	0,38%	569	0,39%
Interest earned - external investments		2 968	2,68%	3 146	2,26%	3 335	2,41%	3 535	2,43%
Interest earned - outstanding debtors									
Dividends received									
Fines		18 840	17,03%	20 000	14,40%	21 200	15,30%	22 472	15,46%
Licences and permits		3 545	3,20%	2 516	1,81%	2 667	1,93%	2 827	1,94%
Agency services									
Transfers recognised - operational		46 537	42,05%	76 610	55,14%	70 613	50,97%	73 397	50,48%
Other revenue	2	1 559	1,41%	1 287	0,96%	1 364	0,98%	1 446	0,99%
Gains on disposal of PPE		573	0,52%	608	0,44%	644	0,46%	683	0,47%
Total Revenue (excluding capital transfers and contributions)		110 657	99,99%	138 926	100,02%	138 543	99,99%	145 402	98,62%

ble Revenue mix by main revenue source A4

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 32.68% of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totalled R36.1million. Revenue generated from property rates is expected to decrease to R9.8 Million in the year 2016/17.

Revenue increases by 6%in the outer financial years of the MTREF.

The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Revenue generated from electricity constitutes 16.34% of the total anticipated revenue for the year 2016/17 which is a 6.18 % increase from the current year in-line with the incremental percentage granted by NERSA. The revenue from this service increase by 6.00% over the outer years of the MTREF respectively.

Revenue generated from traffic fines is also anticipated to increase for the 2016/17 financial year in line with GRAP 23 which advises that income such as that generated from traffic fines must be recognised on an accrual basis R20 million will be generated through traffic fines next year.

‘Other revenue’ which consists of various items such as income received from permits and business licenses, building plan fees, rezoning fees, library fines etc. will total R1287 million in the year 2016/17 an increase of more than 100% in light of the audited revenue generated in the 2015/16 financial year.

Departments have reviewed the tariffs of these items and ensured they are cost reflective and market related however some tariffs such as library photo copies and swimming pool fees will remain unchanged due to an outcry by the community. Gains from disposal of PPE are anticipated in the next financial year to the value of R608 thousand from the disposal of old municipal vehicles.

Operating grants and transfers totals R77 172 million in the 2016/17 financial year which includes an amount of R7.2 million Demarcation Transition Grant. Operating grants steadily decreases to R73 397 million by 2018/19. Note that the year-on-year growth is 6.00% in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

GRANTS	2016/2017	2017/2018	2018/2019
	R'000	R'000	R'000
EQUITABLE SHARE	63 687	67 763	70 547
MUNICIPAL SYSTEMS IMPROVEMENT GRANT			
EPWP	2161		
FINANCE MANAGEMENT GRANT	2 738	2 850	2 850
DEMARCATON TRANSION GRANT	7286		
PROVINCIALISATION OF LIBRARIES GRANT	738		
TOTAL			

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment. The tariffs for the year 2016/17 have been increased by 6%

The percentage increases of Eskom tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows

1.2.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 66 and 67 deal, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year are contained below. Tariffs on agricultural properties have been increased by 1 cent all other tariffs for property rates have not been increased and the rebates will remain unchanged. In the 2013/14 year a new policy was introduced of writing of debts for rate payers who wish to clear overdue debts.

Table 5 Comparison of proposed rates to be levied for the 2016/17 financial year

Category	Proposed tariff (from 1 July 2016)
Agriculture	0.33
Commercial	1.63
Industrial	1.63
Land reform	0.33
Municipal Property	Exempt
Place of Worship	Exempt
Public Benefit Organisation (PBO)	Exempt
Public service Infrastructure (PSI)	0.32
Public Service Purpose (PSP)	1.30
Residential	1.30
Rural Residential	0.33
Rural Tourism and Hospitality	1.63
State trust Land	Exempt
Urban tourism and Hospitality	1.63
Vacant Land	1.63

The following rebates have been approved

Table 6 Approved rebates on property rates

Category	Rebate (from 1 July 2014)
Residential properties	20%
State owned properties	20%
All other properties other than residential, state, agriculture and public service infrastructure	16%
Public service infrastructure	30%
Agriculture	60%

A further phase in rebate of 40% public service will be introduced from 1 July 2016.

1.2.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 7.86% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

Considering the Eskom increases, the consumer tariff had to be increased by 6.18% to offset the additional bulk purchase cost from 1 July 2016. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

The following table shows the impact of the proposed increases in electricity tariffs for domestic and commercial customers:

**Table 7 Comparison between current electricity charges and increases
(Domestic and Commercial)**

TARIFF CATEGORY	2015/16	2016/17	%increase
Domestic credit low	86.42	92.12	6.18%
Block 1(0-50kwh)			
Domestic credit	110.84	118.22	6.24%
Block 2(51-350kwh)			
Domestic credit	161.67	172.34	6.18%
Block 3 (351-600kwh)			
Domestic credit	188.12	200.53	6.18%
Block 4(>600)			
Domestic credit basic charge	73.48	78.32	6.18%
Domestic prepaid low	98.46	104.95	6.18%
Block1 (0-50kwh)			
Block2 (51-350kwh)	117.51	125.26	6.18%

Block 3(351-600kwh)	164.61	175.48	6.18%
Block 4 (> 600)	189.60	202.21	6.24%
Commercial Tariffs 60& 70 AMPS	310.11	330.57	6.18%
	133.74	142.57	6.18%
Commercial Three phase 100 Amp	303.62	323.66	6.19%
	127.83	138.58	7.76%
		0,00	
Commercial Prepaid	198.36	211.44	6.18%
Commercial Prepaid Three phase	204.29	217.77	6.19%
Industrial	199.39	212.55	6.19%
	85.34	90.97	6.18%
Agriculture low- commercial 2000 kwh	211.04	224.96	6.18%
Agriculture medium- commercial 3000 kwh	181.30	210.36	13.81%
Agriculture high-commercial 7000 kwh	172.14	183.49	6.18%

ELECTRICITY CONNECTION DEPOSIT

- a. Residential..... R 1420
- b. Residential state houses... R 1705
- c. Small businesses.....R2841
- d. Large businesses.....As per 3 months reading

It should further be noted that NERSA has advised that a stepped tariff structure was implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). This Municipality and will continue to implement the stepped tariff structure in the year 2016/17.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. The upgrading of the Municipality's electricity network has therefore become a strategic priority.

1.2.3 Waste Removal and Impact of Tariff Increases

Currently the rendering of this service is trading at a deficit. While it is widely accepted that the rendering of this service should at least break even our current situation is not acceptable. This points out that the current tariffs are not cost reflective and do not cover the different cost components of providing this service.

A 6% increase in the waste removal tariff is proposed from 1 July 2016. The aim is to have appropriately structured, cost reflective solid waste tariffs by 2016 as prescribed by treasury. Any increase higher than 6 % would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 8 Comparison between current waste removal fees and increases**1.2.4 Overall impact of tariff increases on households**

REFUSE REMOVAL	2015/16	2016/17
	R	R
1. Private dwelling, per refuse receptacle for clearance once a week, - Melmoth (tariff per month)	66.50	70.49
- Thubalethu	24.20	25.65
2. Business premises, industrial premises and administrative premises of the State on a daily basis i.e. 6 days per week		
a. Up to and including 2 refuse receptacles per month	230	243.80
b. In excess of 2 but not exceeding 4 refuse receptacles, per month	302.25	320.39
c. In excess of 4 but not exceeding 6 refuse receptacles, per month	399	422.94
d. For each additional receptacle in excess of 6, Per month	96.75	102.56
GARDEN REFUSE		
a. By tractor and small trailer, per load	344.55	365.22
b. By tractor and large trailer, per load	483.55	515.56
c. Clearing lots: Cost plus	24.01%	25.45%
d. Clearing of Building rubble, per load	550.05	583.05

The following table reflects the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 9 MBRR Table SA14 – Household bills

KZN285 Mthonjaneni - Supporting Table SA14 Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		844,50	844,50	844,50	844,50	844,50	844,50	–	844,50	–	844,50
Electricity: Basic levy		57,00	60,99	65,26	73,22	73,22	73,22	12,2%	82,15	92,18	103,42
Electricity: Consumption		948,82	1 201,18	1 285,26	1 442,06	1 442,06	1 442,06	12,2%	1 617,99	1 815,39	2 036,87
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		55,01	58,09	62,74	66,50	66,50	66,50	6,0%	74,62	83,72	93,94
Other											
sub-total		1 905,33	2 164,76	2 257,76	2 426,29	2 426,29	2 426,29	8,0%	2 619,27	1 991,29	3 078,72
VAT on Services											
Total large household bill:		1 905,33	2 164,76	2 257,76	2 426,29	2 426,29	2 426,29	8,0%	2 619,27	1 991,29	3 078,72
% increase/-decrease			13,6%	4,3%	7,5%	–	–		8,0%	(24,0%)	54,6%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		245,00	237,60	237,60	237,60	237,60	237,60	–	237,60	–	237,60
Electricity: Basic levy		57,00	60,99	65,26	73,22	73,22	73,22	12,2%	82,15	92,18	103,42
Electricity: Consumption		392,82	499,22	534,17	651,69	651,69	651,69	12,2%	731,19	820,40	920,49
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		55,01	58,09	62,74	66,50	66,50	66,50	6,0%	70,49	74,72	79,21
Other											
sub-total		749,83	855,90	899,77	1 029,01	1 029,01	1 029,01	9,0%	1 121,44	987,30	1 340,72
VAT on Services											
Total small household bill:		749,83	855,90	899,77	1 029,01	1 029,01	1 029,01	9,0%	1 121,44	987,30	1 340,72
% increase/-decrease			14,1%	5,1%	14,4%	–	–		9,0%	(12,0%)	35,8%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption		35,00	38,84	41,56	46,55	46,55	46,55	12,2%	52,23	58,60	65,75
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		20,00	21,12	22,81	24,18	24,18	24,18	6,0%	25,63	27,17	28,80
Other											
sub-total		55,00	59,96	64,37	70,73	70,73	70,73	10,1%	77,86	85,76	94,54
VAT on Services											
Total small household bill:		55,00	59,96	64,37	70,73	70,73	70,73	10,1%	77,86	85,76	94,54
% increase/-decrease			9,0%	7,4%	9,9%	–	–		10,1%	10,2%	10,2%

The above table reflects cost implications on households of proposed rates and tariff changes. Examples of municipal bills that are generally representative of household bills in the Mthonjaneni area have been used in the compilation of this table.

1.3 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit,
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA,
- The capital programmes aligned to the asset renewal strategy and backlog eradication plan,
- Operational gains and efficiencies will be directed to funding the capital budget and other core services, and
- Strict adherence to the principle of *no project planno budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item A4

<u>Expenditure By Type</u>											
Employee related costs	2	15 108	19 649	25 100	27 665	27 599	27 598	-	42 317	44 856	47 547
Remuneration of councillors		2 666	2 843	3 143	3 366	3 366	3 366		6 107	6 474	6 862
Debt impairment	3	83	1 768	11 546	10 500	10 500	10 500		11 130	11 798	12 506
Depreciation & asset impairment	2	3 199	3 073	4 694	5 613	5 613	5 613	-	3 700	3 922	4 157
Finance charges											
Bulk purchases	2	14 295	16 887	18 433	21 051	21 051	21 051	-	22 304	23 642	25 061
Other materials	8	2 192	2 115	3 048	6 822	8 015	8 015		10 131	10 739	11 383
Contracted services		3 204	4 041	2 746	2 905	2 905	2 905	-	3 073	3 258	3 453
Transfers and grants		240	-	860	686	686	686	-	1 189	1 260	1 335
Other expenditure	4, 5	22 623	35 860	23 209	26 484	28 543	28 543	-	38 948	41 285	43 762
Loss on disposal of PPE											
Total Expenditure		63 610	86 236	92 779	105 092	108 277	108 276	-	138 900	147 234	156 068

Table 11 Operating expenditure expressed as percentages

Description	Ref			2016/17 Medium Term Revenue & Expenditure Framework		2016/17 Medium Term Revenue & Expenditure Framework			
		Adjusted Budget	Pre-audit outcome	Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand	1								
Expenditure By Type									
Employee related costs	2	27 599	25.48%	42 317	30.46%	44 856	30.47%	47 547	30.47%
Remuneration of councillors		3 366	3.10%	6 107	4.39%	6 474	4.39%	6 862	4.39%
Debt impairment	3	10 500	9.70%	11 130	8.00%	11 798	8.00%	12 506	8.00%
Depreciation & asset impairment	2	5 613	5.18%	3 700	2.66%	3 922	2.66%	4 157	2.66%
Finance charges									
Bulk purchases	2	21 051	19.44%	22 304	16.05%	23 642	16.05%	25 061	16.05%
Other materials	8	8 015	7.40%	10 131	7.26%	10 739	7.26%	11 383	7.26%
Contracted services		2 905	2.68%	3 073	2.21%	3 258	2.21%	3 453	2.21%
Transfers and grants		686	0.63%	1 189	0.86%	1 260	0.86%	1 335	0.86%
Other expenditure	4, 5	28 543	26.36%	38 948	28.04%	41 285	28.04%	43 762	28.04%
Loss on disposal of PPE									
Total Expenditure		108 277	100.00%	138 900	100.00%	147 234	100.00%	156 068	100.00%

The budgeted allocation for employee related costs for the 2016/17 financial year totals R41.1million, which equals 30.46 % of the total operating expenditure. Based on the three year collective SALGBC agreement which will take effect on the 1st of July 2015, salary increases have been factored into this budget at a percentage increase of 6% for the 2016/17 financial year.,

Expenditure against overtime was significantly reduced and limited to 4% as prescribed by treasury, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

As a result of the Debt Write-off Policy introduced in the year 2013/14, which calls for defaulters to make payment arrangements whilst it also permits for 50% of the outstanding debt of the applicant to be written off.

While debt impairment is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The municipality has thus provided for debt impairment to the value of R11.1 million due to increased traffic fines as a result of GRAP 23

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R3.7million for the

2016/17 financial and equates to 2.66% of the total operating expenditure. There has been an increase in the provision for depreciation due to further infrastructure assets that have capitalised during the current financial year

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. Bulk purchases amount to 16.05% of the total operating budget.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2016/17 the appropriation against this group of expenditure has decreased by 7.26 % or R 10.1 million. The municipality has adopted a strategy which aims to maintain and improve our existing capital asset structure, thus the increased provision of the repairing or maintaining of assets.

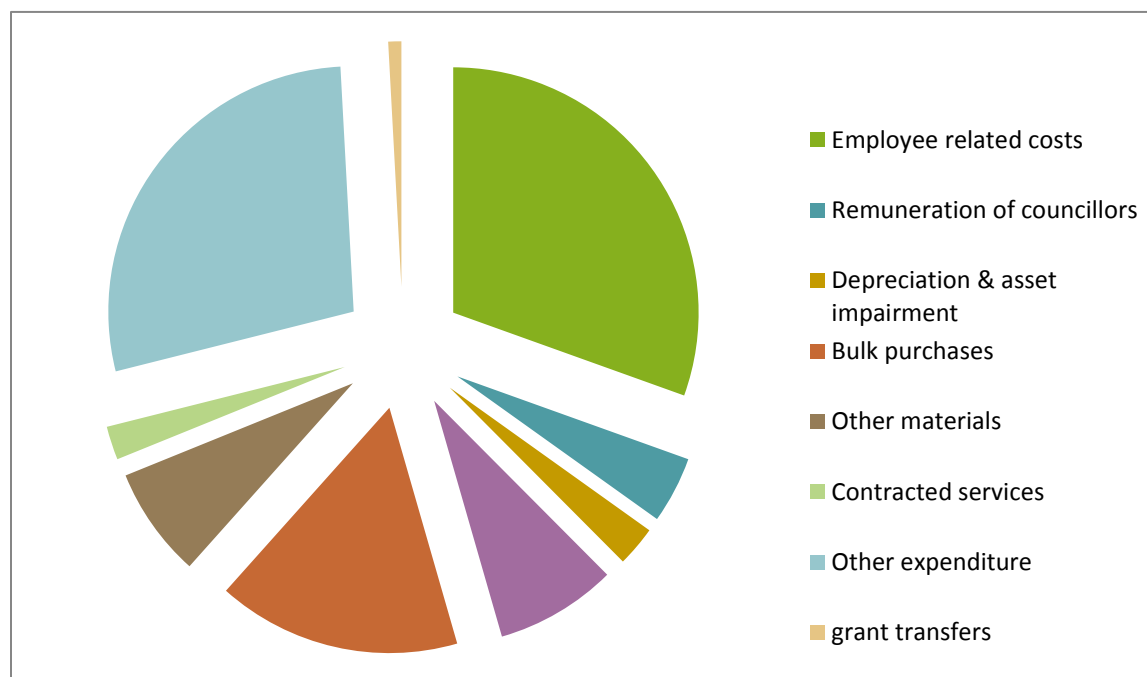
Contracted services have been identified as a cost saving area for the Municipality. This group of expenditure totals R3.0million and has decreased by 5.8. For the two outer years growth has been limited to 2.21%

The process of identifying further cost efficiencies will continue in the 2016/17 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities such as traffic management cameras that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Grant transfers are grants and subsidies given to the community these include free basic electricity for part of the community that is being provided electricity by Eskom, indigent support, pensioner's rebates, bursaries and pauper burials the total budgeted amount is R1.1 million. There has been a increase from the current years provision of R503 000, the municipality had underestimated the cost of free basic electricity, this however has been reviewed thus the increase.

The following table reflects a breakdown of the main expenditure categories for the 2016/17 financial year.

Figure 1 Main operational expenditure categories for the 2016/17 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget provides for in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

The following table lists the total anticipated cost for repairs and maintenance on infrastructure and assets for the year 2016/17 and the comparison years. It must be noted that the municipality has identified all the shortcomings associated with neglecting capital assets such as infrastructure thus the increased provision for repairing and maintenance of capital assets

Table 12 Repairs and maintenance per asset class SA34c

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		276	710	865	4 055	4 055	4 055	5 500	5 830	6 180
Infrastructure - Road transport		187	330	465	3 655	3 655	3 655	5 000	5 300	5 618
Roads, Pavements & Bridges		187	330	465	3 655	3 655	3 655	5 000	5 300	5 618
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation									-	-
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		89	380	400	400	400	400	500	530	562
Waste Management		89	380	400	400	400	400	500	530	562
Transportation	2									
Gas	3									
Other										
Community		-	-	98	90	90	90	-	-	-
Parks & gardens				48	90	90	90	-	-	-
Sportsfields & stadia				50						
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries								-	-	-
Social rental housing	8							-	-	-
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		1 916	1 157	2 085	2 677	3 870	3 870	4 631	4 909	5 204
General vehicles		378	165	785	843	843	843	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		451	16	504	531	1 054	1 054	1 555	1 648	1 747
Computers - hardware/equipment		11	56	51	93	69	69	71	75	79
Furniture and other office equipment		184		45	10	5	5	6	6	6
Abattoirs										
Markets			733							
Civic Land and Buildings		442	187							
Other Buildings				700	1 200	1 898	1 898	3 000	3 180	3 371
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		450						-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	2 192	1 867	3 048	6 822	8 015	8 015	10 131	10 739	11 383

For the 2016/17 financial year 45.75% or R4.6 million of total repairs and maintenance will be spent on other assets such as equipment and land/ buildings. Followed by road infrastructure at 49.35 % or R5 million the municipality will continue to invest in the maintenance of road infrastructure. Infrastructure relating to waste management has been allocated 4.9 % of the total budgeted for repairs and maintenance an amount of R500 thousand.

More than 60% of repairs and maintenance to infrastructure is done in-house this has resulted in cost savings in this area.

1.3.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target was to register more indigent households during the 2016/17 financial year, this target was met 1262 indigent households were registered.

In the 2016/17 financial year it is anticipated that R110 thousand will be allocated towards the provision of free basic electricity for those families which are on indigent support. An amount of R 84 thousand will be contributed towards the provision of refuse removal services for these families.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

Going forward it will be our priority to reduce the number of households on the indigent register through job creation and programs such as EPWP, ensuring that those that are hired are equipped with certain skills by the end of the program, for future employment.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 MBRR A10 (Basic Service Delivery Measurement).

1.4 Capital expenditure

The following table reflects a breakdown of budgeted capital expenditure by vote:

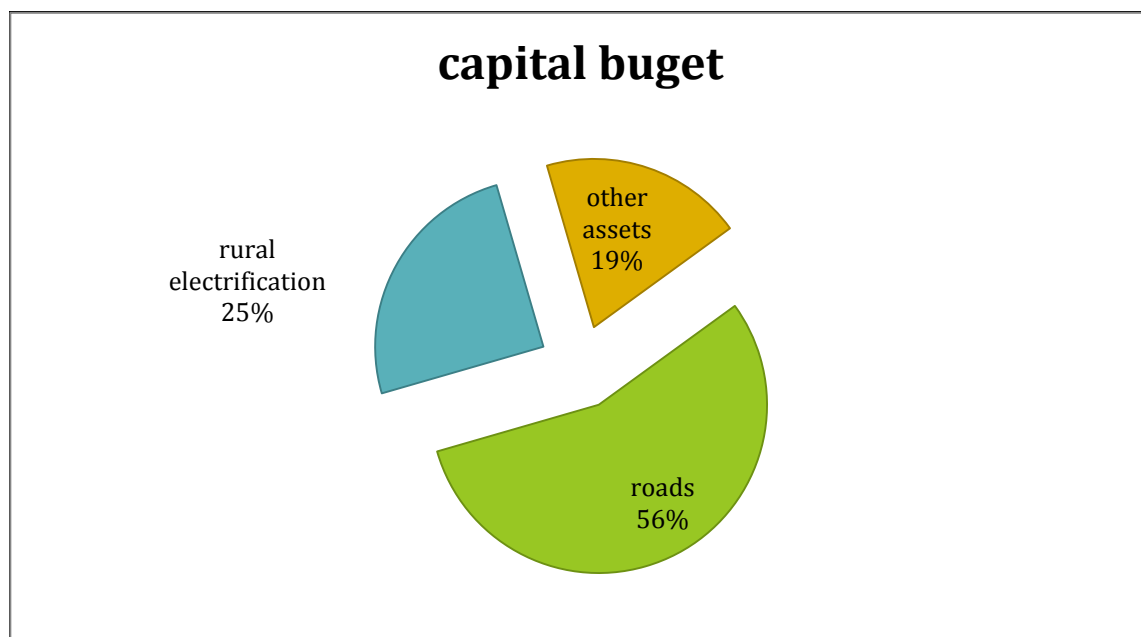
Table 13 2014/15 Medium-term capital budget per vote

An amount of R27 399 000 will be allocated towards infrastructure this is the total municipal infrastructure grant and INEG. R18.8 million and R8.5 million of these Budgets will be aimed towards rural roads and rural electrification respectively. R6842 576 will be from our own funding.

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote	1										
Multi-year expenditure - to be appropriated	2										
Vote 1 - Council		1 560	422	4 006	483	7 084	7 084	-	960	1 018	1 079
Vote 2 - Municipal Manager		9	-	20	55	55	55	-	22	23	24
Vote 3 - Financial Services		9	75	70	81	81	81	-	61	65	69
Vote 4 - Corporate and Community Services		325	313	164	278	283	283	-	163	173	183
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Health		-	-	-	-	-	-	-	-	-	-
Vote 7 - Protection Services		-	-	209	100	100	100	-	197	209	221
Vote 8 - Technical Services		19 170	28 209	14 143	13 218	14 218	14 218	-	22 339	23 679	25 100
Vote 9 - Refuse Removal		-	-	-	-	-	-	-	1 700	1 802	1 910
Vote 10 - Electricity		11 424	796	12 516	14 741	15 519	15 519	-	8 800	9 328	9 888
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	32 497	29 815	31 128	28 956	37 340	37 340	-	34 242	36 296	38 474

The following pie chart provides a breakdown of the capital budget to be spent on capital for the year 2016/201.

Figure 2 Capital budget



1.5 ANNUAL BUDGET TABLES PARENT MUNICIPALITY

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 14 MBRR Table A1 - Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	7 422	7 506	9 908	15 659	12 659	12 659	12 659	10 462	11 090	11 755
Service charges	17 775	19 119	21 014	23 503	23 503	23 503	23 503	23 790	25 217	26 730
Investment revenue	3 410	4 209	2 800	2 968	2 968	2 968	2 968	3 146	3 335	3 535
Transfers recognised - operational	39 697	21 447	37 944	46 537	46 537	46 537	46 537	76 610	70 613	73 397
Other own revenue	6 183	20 077	22 294	24 980	24 990	24 990	24 990	24 918	26 413	27 998
Total Revenue (excluding capital transfers and contributions)	74 487	72 358	93 960	113 648	110 657	110 657	110 657	138 926	136 668	143 416
Employee costs	15 108	19 649	25 100	27 665	27 599	27 598	27 598	42 317	44 856	47 547
Remuneration of councillors	2 666	2 843	3 143	3 366	3 366	3 366	3 366	6 107	6 474	6 862
Depreciation & asset impairment	3 199	3 073	4 694	5 613	5 613	5 613	5 613	3 700	3 922	4 157
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	16 487	19 002	21 481	27 873	29 065	29 065	29 065	30 435	32 261	34 197
Transfers and grants	240	-	860	686	686	686	-	1 189	1 260	1 335
Other expenditure	25 910	41 668	37 501	39 889	41 948	41 948	41 948	55 152	58 461	61 969
Total Expenditure	63 610	86 236	92 779	105 092	108 277	108 276	107 591	138 900	147 234	156 068
Surplus/(Deficit)	10 877	(13 878)	1 181	8 556	2 380	2 381	3 066	27	(10 565)	(12 652)
Transfers recognised - capital	23 663	25 845	15 610	20 904	20 904	20 904	20 904	27 399	18 370	19 199
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	34 540	11 967	16 791	29 460	23 284	23 285	23 970	27 426	7 805	6 547
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	34 540	11 967	16 791	29 460	23 284	23 285	23 970	27 426	7 805	6 547
Capital expenditure & funds sources										
Capital expenditure	32 497	29 815	31 128	28 956	37 340	37 340	-	34 242	36 296	38 474
Transfers recognised - capital	32 497	29 815	15 610	20 904	20 904	20 904	-	27 399	29 043	30 786
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	15 518	8 052	16 436	16 436	-	6 843	7 253	7 688
Total sources of capital funds	32 497	29 815	31 128	28 956	37 340	37 340	-	34 242	36 296	38 474
Financial position										
Total current assets	84 195	58 464	69 181	97 361	97 361	97 361	97 361	99 035	81 633	80 897
Total non current assets	124 968	150 440	164 519	224 096	158 062	158 062	158 062	195 458	230 193	267 010
Total current liabilities	18 464	5 073	6 558	24 192	24 192	24 192	24 192	25 643	27 182	28 813
Total non current liabilities	5 761	6 912	4 946	4 054	2 554	2 554	2 554	2 746	2 911	3 086
Community wealth/Equity	184 938	196 920	222 196	281 336	281 336	281 336	281 336	290 100	330 513	373 350
Cash flows										
Net cash from (used) operating	35 043	8 829	24 304	23 804	21 067	21 067	21 067	22 895	13 993	13 380
Net cash from (used) investing	(29 308)	(29 746)	(21 182)	(28 524)	(36 907)	(36 907)	(36 907)	(33 634)	(35 652)	(37 791)
Net cash from (used) financing	203	14	-	90	90	90	90	-	-	-
Cash/cash equivalents at the year end	67 041	46 137	49 259	37 509	26 388	26 388	26 388	15 650	(6 009)	(30 419)
Cash backing/surplus reconciliation										
Cash and investments available	65 983	46 137	49 259	37 509	37 509	37 509	37 509	31 503	10 049	5 018
Application of cash and investments	2 940	378	8 380	(18 278)	(36 219)	(36 219)	(36 219)	(59 892)	(63 485)	(67 295)
Balance - surplus (shortfall)	63 043	45 759	40 879	55 787	73 728	73 728	73 728	91 395	73 534	72 313
Asset management										
Asset register summary (WDV)	7 667	134 151	266 945	224 096	222 765	222 765	260 230	260 230	260 742	155 038
Depreciation & asset impairment	3 199	3 073	4 694	5 613	5 613	5 613	3 700	3 700	3 922	4 157
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	2 192	1 867	3 048	6 822	8 015	8 015	8 131	8 131	8 619	9 136
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	2 877	4 317	4 317	4 317	4 317	4 317	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised are reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Over the MTREF there is progressive improvement in the level of cash-backing of obligations
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the public. The amount of services provided by the municipality including free basic services continues to increase.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		54 004	38 685	50 757	66 244	63 254	63 254	90 799	96 247	102 021
Executive and council		-	-	-	1 857	1 857	1 857	7 286	7 723	8 187
Budget and treasury office		54 002	38 685	50 752	64 382	61 382	61 382	83 513	88 524	93 835
Corporate services		2	-	5	5	15	15	-	-	-
<i>Community and public safety</i>		665	288	1 071	1 718	1 718	1 718	1 821	1 931	2 046
Community and social services		665	288	1 071	1 718	1 718	1 718	1 821	1 931	2 046
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14 274	34 848	33 727	35 288	35 288	35 288	41 415	43 900	46 534
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		14 274	34 848	33 727	35 288	35 288	35 288	41 415	43 900	46 534
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		29 207	24 382	24 014	31 301	31 301	31 301	32 290	34 227	36 281
Electricity		28 128	23 250	22 806	30 020	30 020	30 020	31 202	33 074	35 059
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1 079	1 132	1 209	1 281	1 281	1 281	1 088	1 153	1 222
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	98 150	98 203	109 570	134 552	131 561	131 561	166 325	176 305	186 883
Expenditure - Standard										
<i>Governance and administration</i>		23 559	24 230	44 164	47 770	48 913	48 913	67 079	71 104	75 370
Executive and council		5 702	7 400	7 886	11 148	11 759	11 759	22 659	24 019	25 460
Budget and treasury office		11 642	10 426	26 070	26 122	26 492	26 492	27 526	29 178	30 929
Corporate services		6 216	6 404	10 208	10 500	10 662	10 662	16 893	17 907	18 982
<i>Community and public safety</i>		13 987	2 788	1 626	18 478	19 237	19 237	27 047	28 669	30 390
Community and social services		12 339	650	1 456	18 308	19 067	19 067	22 732	24 096	25 541
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 648	2 138	170	170	170	170	4 315	4 574	4 848
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6 125	21 733	22 135	12 091	12 025	12 025	16 633	17 630	18 688
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		6 125	21 733	22 135	12 091	12 025	12 025	16 633	17 630	18 688
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		19 939	37 485	24 854	26 753	27 273	27 273	28 141	29 830	31 620
Electricity		18 109	35 755	22 939	24 340	24 860	24 860	26 259	27 835	29 505
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1 830	1 729	1 915	2 413	2 413	2 413	1 882	1 995	2 115
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	63 610	86 236	92 779	105 092	107 449	107 449	138 900	147 234	156 068
Surplus/(Deficit) for the year		34 540	11 967	16 791	29 460	24 113	24 113	27 426	29 071	30 815

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for refuse removal.

As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure. As a result refuse tariffs have been increased by 8%, an increment higher than the usual 5, 6%. The aim is to phase out the trading losses and structure a cost reflective tariff.

The municipality is also in the process of critically evaluating the outsourced aspects of the refuse removal service in order to identify cost inefficiencies

4. Electricity losses are also of concern to the municipality and have reached a high of 10% in the current year. Policies dealing with illegal connections will be reviewed in the 2016/17 financial year the municipality foresees taking firm action against perpetrators of illegal connections.
5. Other functions such as council as corporate services that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources such as grants.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - Council		-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	1 857	1 857	1 857	7 286	-	-
Vote 3 - Financial Services		54 002	38 685	50 752	64 382	61 382	61 382	83 513	76 560	81 154
Vote 4 - Corporate and Community Services		29	-	38	40	49	49	37	39	41
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 6 - Public Health		-	-	-	-	-	-	-	-	-
Vote 7 - Protection Services		5 256	18 325	21 117	22 384	22 384	22 384	22 516	23 867	25 299
Vote 8 - Technical Services		9 656	16 810	13 649	14 588	14 588	14 588	20 684	21 925	23 240
Vote 9 - Refuse Removal		1 079	1 132	1 209	1 281	1 281	1 281	1 088	1 153	1 222
Vote 10 - Electricity		28 128	23 250	22 806	30 020	30 020	30 020	31 202	33 074	35 059
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	98 150	98 203	109 570	134 552	131 561	131 561	166 325	156 618	166 015
Expenditure by Vote to be appropriated	1									
Vote 1 - Council		3 539	4 586	4 453	5 212	6 170	6 170	8 272	8 769	9 295
Vote 2 - Municipal Manager		2 163	2 814	3 433	5 936	5 589	5 589	14 387	15 250	16 165
Vote 3 - Financial Services		11 642	10 426	26 070	26 122	26 492	26 492	27 526	29 178	30 929
Vote 4 - Corporate and Community Services		6 444	6 497	10 992	11 298	11 430	11 430	17 870	18 942	20 079
Vote 5 - Public Safety		1 648	2 138	170	170	170	170	4 315	4 574	4 848
Vote 6 - Public Health		-	-	-	-	-	-	-	-	-
Vote 7 - Protection Services		5 422	6 508	7 728	8 082	8 017	8 017	11 393	12 076	12 801
Vote 8 - Technical Services		12 813	15 782	15 080	21 518	22 277	22 277	26 995	28 615	30 332
Vote 9 - Refuse Removal		1 830	1 729	1 915	2 413	2 413	2 413	1 882	1 995	2 115
Vote 10 - Electricity		18 109	35 755	22 939	24 340	24 859	24 859	26 259	27 835	29 505
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	63 610	86 236	92 779	105 092	107 418	107 418	138 900	147 234	156 068
Surplus/(Deficit) for the year	2	34 540	11 967	16 791	29 460	24 144	24 144	27 426	9 385	9 948

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and refuse removal trading service.

Table 17 Surplus/ (Deficit) calculations for the trading services

Standard Classification Description	Ref	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1						
Revenue - Standard							
<i>Trading services</i>		31 301	31 301	31 301	32 290	34 227	36 281
Electricity		30 020	30 020	30 020	31 202	33 074	35 059
<i>Electricity Distribution</i>		30 020	30 020	30 020	31 202	33 074	35 059
<i>Electricity Generation</i>							
Waste management		1 281	1 281	1 281	1 088	1 153	1 222
<i>Solid Waste</i>		1 281	1 281	1 281	1 088	1 153	1 222
Total Revenue - Standard	2	134 552	131 561	131 561	166 325	176 305	186 883
Expenditure - Standard							
<i>Trading services</i>		26 753	27 273	27 273	28 141	29 830	31 620
Electricity		24 340	24 860	24 860	26 259	27 835	29 505
<i>Electricity Distribution</i>		2 242	2 762	2 762	3 670	3 890	4 124
<i>Electricity Generation</i>		22 098	22 098	22 098	22 589	23 944	25 381
Waste management		2 413	2 413	2 413	1 882	1 995	2 115
<i>Solid Waste</i>		2 413	2 413	2 413	1 882	1 995	2 115
<i>Other</i>		-	-	-	-	-	-
Total Expenditure - Standard	3	26 753	27 273	27 273	28 141	29 830	31 620
Surplus/(Deficit) for the year		4 548	4 028	4 028	4 148	4 397	4 661

2. The total anticipated profit for the current year is R 4148 000.

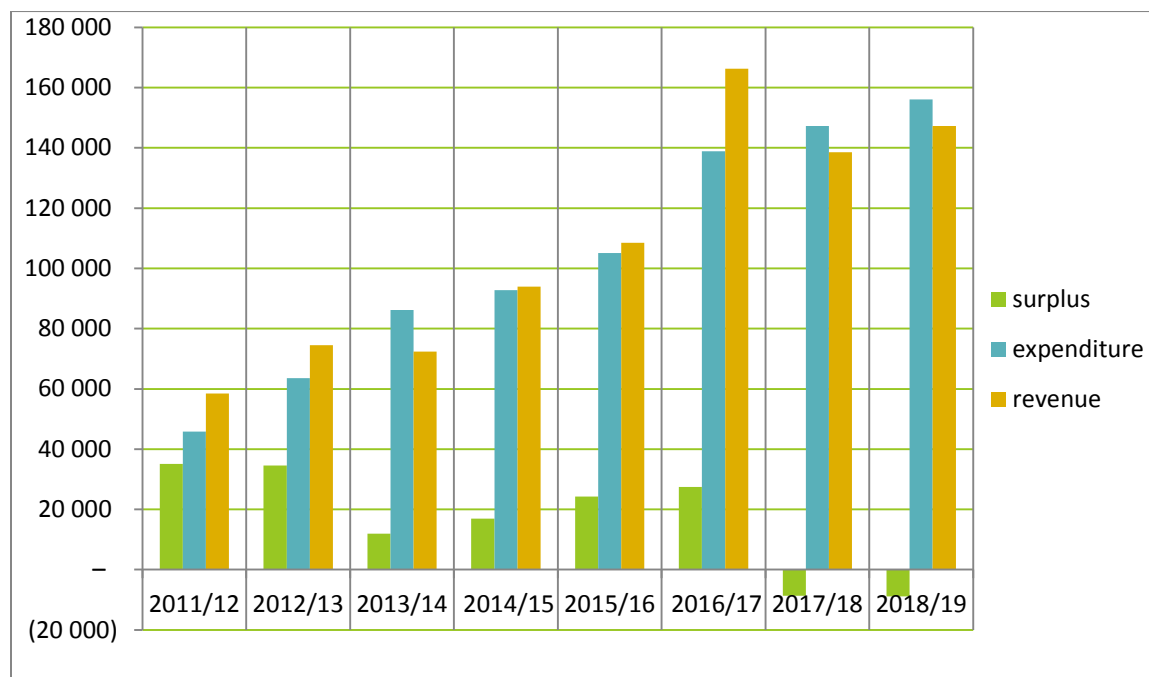
Table 18 MBRRTTable A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	7 085	6 979	9 274	14 987	11 987	11 987	11 987	9 882	10 475	11 104
Property rates - penalties & collection charges		337	527	634	672	672	672	672	580	615	652
Service charges - electricity revenue	2	16 696	17 987	19 806	22 222	22 222	22 222	22 222	22 702	24 064	25 508
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 079	1 132	1 209	1 281	1 281	1 281	1 281	1 088	1 153	1 222
Service charges - other											
Rental of facilities and equipment		498	245	446	473	473	473	473	507	537	569
Interest earned - external investments		3 410	4 209	2 800	2 968	2 968	2 968	2 968	3 146	3 335	3 535
Interest earned - outstanding debtors											
Dividends received											
Fines		2 462	15 884	17 773	18 840	18 840	18 840	18 840	20 000	21 200	22 472
Licences and permits		2 795	2 442	3 344	3 545	3 545	3 545	3 545	2 516	2 667	2 827
Agency services											
Transfers recognised - operational		39 697	21 447	37 944	46 537	46 537	46 537	46 537	76 610	70 613	73 397
Other revenue	2	428	1 463	323	1 550	1 559	1 559	1 559	1 287	1 364	1 446
Gains on disposal of PPE			43	408	573	573	573	573	608	644	683
Total Revenue (excluding capital transfers and contributions)		74 487	72 358	93 960	113 648	110 657	110 657	110 657	138 926	136 668	143 416
Expenditure By Type											
Employee related costs	2	15 108	19 649	25 100	27 665	27 599	27 598	27 598	42 317	44 856	47 547
Remuneration of councillors		2 666	2 843	3 143	3 366	3 366	3 366	3 366	6 107	6 474	6 862
Debt impairment	3	83	1 768	11 546	10 500	10 500	10 500	10 500	11 130	11 798	12 506
Depreciation & asset impairment	2	3 199	3 073	4 694	5 613	5 613	5 613	5 613	3 700	3 922	4 157
Finance charges											
Bulk purchases	2	14 295	16 887	18 433	21 051	21 051	21 051	21 051	22 304	23 642	25 061
Other materials	8	2 192	2 115	3 048	6 822	8 015	8 015	8 015	8 131	8 619	9 136
Contracted services		3 204	4 041	2 746	2 905	2 905	2 905	2 905	3 073	3 258	3 453
Transfers and grants		240	-	860	686	686	686	-	1 189	1 260	1 335
Other expenditure	4, 5	22 623	35 860	23 209	26 484	28 543	28 543	28 543	40 948	43 405	46 010
Loss on disposal of PPE											
Total Expenditure		63 610	86 236	92 779	105 092	108 277	108 276	107 591	138 900	147 234	156 068
Surplus/(Deficit)		10 877	(13 878)	1 181	8 556	2 380	2 381	3 066	27	(10 565)	(12 652)
Transfers recognised - capital		23 663	25 845	15 610	20 904	20 904	20 904	20 904	27 399	18 370	19 199
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		34 540	11 967	16 791	29 460	23 284	23 285	23 970	27 426	7 805	6 547
Taxation											
Surplus/(Deficit) after taxation		34 540	11 967	16 791	29 460	23 284	23 285	23 970	27 426	7 805	6 547
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		34 540	11 967	16 791	29 460	23 284	23 285	23 970	27 426	7 805	6 547
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		34 540	11 967	16 791	29 460	23 284	23 285	23 970	27 426	7 805	6 547

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R138 925 million in 2016/17 and escalates to R143 416 million by 2018/19. This represents a year-on-year increase of 6% over the 2 outer years. We have chosen to be conservative in estimating our revenues over the MTREF. However given sound financial management strategies are put in place we can expect an increase in revenues exceeding 6%
2. Revenue to be generated from property rates is R9.8 Million in the 2016/17 financial year. The increment on property rates tariffs has been kept to a minimum in order to encourage a high collection rate. The aim is encourage a high collection rate and lessen bad debts.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R23.7 million for the 2016/17 financial year and increasing to R26.7 million by 2018/19. For the 2016/17 financial year services charges amount to 17.12% of the total revenue base and grows by 6% per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and refuse tariffs.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Amounting to R76.6 million being 55.1% of the total budget.
5. Bulk purchases have significantly increased over the years. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

The following graph reflects the anticipated relationship between income, expenditure and surplus cash. As well as the audited outcomes of prior years.

Figure 3 Budgeted Financial Performances

It can be noted on the above pie chart that revenue has increased steadily over the audited comparative years since the year 2011/12 however there was a sudden drop in the year 2013/14, this was due to treasury withholding unspent conditional grant funding (INEP). However it is forecasted that revenue will increase steadily over the years of the MTREF.

The graph also depicts how there has not been any abnormal fluctuations in operating expenditure as a result sound financial management strategies and the continuous identification of cost inefficiencies.

Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Standard											
Governance and administration		1 903	584	4 260	897	7 503	7 503	-	1 206	1 278	1 355
Executive and council		1 569	422	4 026	538	7 139	7 139		982	1 040	1 103
Budget and treasury office		9	75	70	81	81	81		61	65	69
Corporate services		325	87	164	278	283	283		163	173	183
Community and public safety		7 703	272	1 483	9 214	12 517	12 517	-	3 220	3 413	3 618
Community and social services		7 703	272	1 483	9 214	12 517	12 517		3 220	3 413	3 618
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		11 467	28 163	12 869	4 104	1 801	1 801	-	19 316	20 475	21 703
Planning and development											
Road transport		11 467	28 163	12 869	4 104	1 801	1 801		19 316	20 475	21 703
Environmental protection											
Trading services		11 424	796	12 516	14 741	15 519	15 519	-	10 500	11 130	11 798
Electricity		11 424	796	12 516	14 741	15 519	15 519		8 800	9 328	9 888
Water											
Waste water management											
Waste management									1 700	1 802	1 910
Other											
Total Capital Expenditure - Standard	3	32 497	29 815	31 128	28 956	37 340	37 340	-	34 242	36 296	38 474
Funded by:											
National Government		32 497	29 815	15 610	20 904	20 904	20 904		27 399	29 043	30 786
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	32 497	29 815	15 610	20 904	20 904	20 904	-	27 399	29 043	30 786
Public contributions & donations	5										
Borrowing	6										
Internally generated funds				15 518	8 052				6 843	7 354	7 795
Total Capital Funding	7	32 497	29 815	31 128	28 956	20 904	20 904	-	34 242	36 397	38 581

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/17 R34.2 million has been allocated for capital acquisition.

Major projects are road projects to the value of R18.8 million another projects will be that of rural electrification to the value of R8.5 million. The rest of the budget has been allocated to the acquisition of equipment used in service delivery.

3. The capital programme is funded from capital a grants transfers, to the value of R18.8million MIG and R8.5 million INEP. The rest will be funded from investments to the value of R6.8 million with the rest of capital assets being funded from surplus cash.

Table 20 MBRR Table A6 -Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash			20 267	49 259	21 509	21 509	21 509		30 000	31 800	33 708
Call investment deposits	1	67 040	25 870	–	16 000	16 000	16 000	–	25 500	27 030	28 652
Consumer debtors	1	2 526	2 836	3 711	39 659	39 659	39 659	–	46 128	48 896	51 829
Other debtors		5 313	8 870	18 750	19 875	19 875	19 875		21 068	22 332	23 671
Current portion of long-term receivables											
Inventory	2	408	621	481	317	317	317		336	357	378
Total current assets		75 287	58 464	72 201	97 361	97 361	97 361	–	123 032	130 414	138 239
Non current assets											
Long-term receivables											
Investments											
Investment property		2 490	2 449	2 408	2 400	2 368	2 368		2 510	2 660	2 820
Investment in Associate											
Property, plant and equipment	3	117 300	143 860	159 720	216 360	153 338	153 338	–	187 715	222 293	258 945
Agricultural											
Biological		5 136	3 971	2 265	5 136	2 265	2 265		5 136	5 136	5 136
Intangible		41	159	125	200	92	92		98	103	110
Other non-current assets	1	1	1	1							
Total non current assets		124 968	150 440	164 519	224 096	158 062	158 062	–	195 458	230 193	267 010
TOTAL ASSETS		200 254	208 904	236 720	321 456	255 422	255 422	–	318 490	360 606	405 249
LIABILITIES											
Current liabilities											
Bank overdraft	1	1 058									
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		1 002	1 016	1 019	1 147	1 147	1 147		1 216	1 289	1 366
Trade and other payables	4	16 025	3 710	5 053	2 645	2 645	2 645	–	2 804	2 972	3 150
Provisions		379	346	486	20 400	20 400	20 400		21 624	22 921	24 297
Total current liabilities		18 464	5 073	6 558	24 192	24 192	24 192	–	25 643	27 182	28 813
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		5 761	6 912	4 946	4 054	2 554	2 554	–	2 746	2 911	3 086
Total non current liabilities		5 761	6 912	4 946	4 054	2 554	2 554	–	2 746	2 911	3 086
TOTAL LIABILITIES		24 225	11 984	11 504	28 245	26 745	26 745	–	28 390	30 093	31 899
NET ASSETS	5	176 029	196 920	225 217	293 211	228 677	228 677	–	290 100	330 513	373 350
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		176 030	196 919	222 196	281 336	281 336	281 336		290 100	330 513	373 350
Reserv es	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	176 030	196 919	222 196	281 336	281 336	281 336	–	290 100	330 513	373 350

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Non-current Provisions;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 21 MBRRTable A7 - Budgeted Cash Flow Statement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		7 422	31 547	35 077	8 045	8 045	8 045	8 045	10 378	11 001	11 661
Service charges		17 775			18 739	18 739	18 739	18 739	20 221	21 435	22 721
Other revenue		6 184	1 029		12 762	12 762	12 762	12 762	24 041	25 484	27 013
Government - operating	1	39 697	21 279	49 618	44 680	44 680	44 680	44 680	76 610	70 613	73 397
Government - capital	1	23 663	12 487	15 610	20 904	20 904	20 904	20 904	27 399	29 361	31 123
Interest		3 410	4 210	2 901	2 968	2 968	2 968	2 968	3 146	3 335	3 535
Dividends									-		-
Payments											
Suppliers and employees		(63 108)	(61 722)	(78 903)	(83 642)	(86 380)	(86 380)	(86 380)	(126 581)	(134 176)	(142 226)
Finance charges									(11 130)	(11 798)	(12 506)
Transfers and Grants	1				(651)	(651)	(651)	(651)	(1 189)	(1 260)	(1 336)
NET CASH FROM/(USED) OPERATING ACTIVITIES		35 043	8 829	24 304	23 804	21 067	21 067	21 067	22 895	13 993	13 380
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			208	-	432	432	432	432	608	644	683
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(29 308)	(29 955)	(21 182)	(28 956)	(37 340)	(37 340)	(37 340)	(34 242)	(36 296)	(38 474)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29 308)	(29 746)	(21 182)	(28 524)	(36 907)	(36 907)	(36 907)	(33 634)	(35 652)	(37 791)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		203	14	-	90	90	90	90	-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		203	14	-	90	90	90	90	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		5 938	(20 904)	3 122	(4 630)	(15 751)	(15 751)	(15 751)	(10 738)	(21 658)	(24 411)
Cash/cash equivalents at the year begin:	2	61 103	67 041	46 137	42 139	42 139	42 139	42 139	26 388	15 650	(6 009)
Cash/cash equivalents at the year end:	2	67 041	46 137	49 259	37 509	26 388	26 388	26 388	15 650	(6 009)	(30 419)

Table 22 MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	67 041	46 137	49 259	37 509	26 388	26 388	26 388	15 650	(6 009)	(30 419)
Other current investments > 90 days		(1 057)	(0)	0	–	11 121	11 121	11 121	15 853	16 057	35 437
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		65 983	46 137	49 259	37 509	37 509	37 509	37 509	31 503	10 049	5 018
Application of cash and investments											
Unspent conditional transfers		13 526	–	295	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(13 868)	(4 463)	(8 155)	(34 391)	(36 219)	(36 219)	(36 219)	(59 892)	(63 485)	(67 295)
Other provisions		3 282	4 841	16 240	16 113						
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		2 940	378	8 380	(18 278)	(36 219)	(36 219)	(36 219)	(59 892)	(63 485)	(67 295)
Surplus(shortfall)		63 043	45 759	40 879	55 787	73 728	73 728	73 728	91 395	73 534	72 313

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels are anticipated to decrease significantly in the current financial year 2016/17 owing to an increased strain on short term investments. R6.8 millions of invested funds will be utilised in fulfilling the capital budget in the current year. These factors have impacted negatively on the cash anticipated to be held at the beginning of the next financial year 2017/18.
4. It is anticipated that at least 80% of the billed revenue will be collected in the 2016/17 financial, the municipality has chosen to be conservative in estimating its forecasted revenue inflows as our current collection rate is 66%, in order to achieve a realistic budget, as emphasised by treasury. In addition the Municipality will undertake an extensive debt collection drive in the 2016/17 financial resulting in cash receipts on arrear debtors which will improve the cash position
5. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Overall the municipality shows a sustainable cash position

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

5. From the table it can be seen that for the period 2012/13 to 2014/15 decreased from R54.5million to R42.8 million and the dropped drastically in 2014/15 from reasons already discussed under cash flows.

Overall in the current financial there will a minimal application of investments. There will be an increase in the surplus over the MTREF. With the surplus of R120.5 million anticipated at the end of 2016/17 increasing to R130.1 million at by 2018/19.

6. Other working capital requirements are realistic considering the audited outcomes of prior years. Measures have been put in place to ensure a 100% (**compliant**) utilisation of all conditional grants by end of the relevant financial year including capital grants which have proven to be problematic in the past.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a surplus of R120.5 million 2016/17 to a surplus of R130.1 million by 2018/19.
9. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF is funded as there is a significant surplus.

Table 23 MBRR Table A9 - Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	32 497	29 815	31 128	28 956	30 637	30 637	34 242	36 296	38 474
Infrastructure - Road transport		11 467	28 163	12 610	3 904	1 601	1 601	18 899	20 033	21 235
Infrastructure - Electricity		11 424	796	12 516	14 241	15 519	15 519	8 800	9 328	9 888
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		22 891	28 959	25 126	18 145	17 120	17 120	27 699	29 361	31 123
Community		7 703	46	100	9 000	12 517	12 517	3 220	3 413	3 618
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 903	810	5 902	1 811	1 000	1 000	3 323	3 522	3 733
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		11 467	28 163	12 610	3 904	1 601	1 601	18 899	20 033	21 235
Infrastructure - Electricity		11 424	796	12 516	14 241	15 519	15 519	8 800	9 328	9 888
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		22 891	28 959	25 126	18 145	17 120	17 120	27 699	29 361	31 123
Community		7 703	46	100	9 000	12 517	12 517	3 220	3 413	3 618
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		1 903	810	5 902	1 811	1 000	1 000	3 323	3 522	3 733
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	32 497	29 815	31 128	28 956	30 637	30 637	34 242	36 296	38 474

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The Municipality has committed to the renewal and repairs and maintenance of existing capital assets. The cost saving that will be gained from maintaining existing assets will be employed in future capital projects.

PART 2 – SUPPORTING DOCUMENTATION

2.1. OVER VIEW OF THE BUDGETPROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 August 2015. Key dates applicable to the process were:

- **August 2015**
 - Budget / IDP Steering Committee to discuss process plan
 - Prepared draft Process Plan
- **August , September 2015**
 - Council to consider & adopt Process Plan
 - Advertisement for public comment and nomination
 - Representative Forum meeting to present Process Plan
 - Public meetings to initiate project review process and report on IDP implementation and progress.
 - Presentation to Regional Traditional Council to inform Amakhosi about the IDP Review process.
 - Deadline for receipt of potential project from Ward Committees, Councillors and Representative Forum.
 - Status Quo Summary from sector plans (backlogs projects status etc.)

- **October 2015**
 - Steering Committee Meeting to generate and consider new projects.
 - Liaison District Municipality, joint IDP road show
 - Steering Committee meeting for draft review report generates and consider new projects.
- **November 2015**
 - Meeting with IDP manager
 - Amakhosi Public participation meetings.
 - 25 November Head of departments required to submit detailed departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines; advised to adhere to strict 6% increase.
- **December 2015**
 - Public Advertisement of IDP Review
 - Review & amend draft report to accommodate comments
- **January 2016**
 - 23rd January - Council to adopt Adjustments Budget where necessary as well as adjustments to SDBIP
- **February 2016**
 - Management Meeting to discuss Budget. Meetings with Exco members & the Speaker to be held during February 2016 and March 2016.
- **March 2016**
 - Final Steering Committee Meeting before tabling of budget.
 - 31st March 2016 - Mayor to table the Draft Budget, revised IDP and Draft SDBIP.
- **April 2016**
 - Mayor and Council required to manage the Public Participation Programme, call for public submissions and convene public meetings: 14-21 April
- **May 2016**
 - 29th May - Mayor tables the final Budget,
 - IDP and SDBIP for Council to approve by 29th May
- **June 2016**
 - Accounting Officer to submit approved documentation to National and Provincial Treasuries and relevant organs of state and update performance agreements of senior staff accordingly by 10th June 2016

There were no deviations from the schedule of key deadlines adopted by council on the 28 of August 2015

Public participation/ consultation road shows were held as anticipated in January 2016

WARD	VENUE	DATES	TIME	Councillor
1	Thubalethu Hall	28 January 2016	17h00	Cllr Masikane
4	Yanguye Tribal Court	27 January 2016	10:00	Cllr Biyela
2 & 3	Mfule Sports field	3 February 2016	10:00	Cllr Ntombela & Cllr Khuzwayo
5 & 6	Nkwenkwe Sports field	4 February 2016	10h00	Cllr Gumede and Cllr Ndwandwe

2.1.2 IDP and Service Delivery and Budget Implementation Plan

Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives

- Asset maintenance
- Economic climate and trends (i.e. Inflation, Eskom increases, household debt)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 74 and 75 has been taken into consideration in the planning and prioritisation process.

2.1.3 Community Consultation

The draft 2016/17 MTREF as tabled before Council on 30 March 2016 for community consultation was published on the municipality's website and hard copies were made available at the municipal offices, and municipal library.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process during January 2016 (dates of consultation meetings listed above). Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2016/17 MTREF.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP goals and strategies for the 2016/17 MTREF .

Table 24 IDP Goals Objectives and Strategies

IDP Indicat or No.	National Key Performan ce Area	Mthonjaneni Developmen t Goals	Objectives	Strategies	Responsible Dept
A.1.1.1 GKPI (A)	SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Providing a High Level of Affordable Essential Services	To provide free basic electricity to indigent households	Provide free basic electricity	Chief Financial Officer
A.2.1.1 GKPI (A)			To provide electricity/ene rgy within Mthonjaneni	Provide electrificati on connection s to new households	Director Technical Services
A.2.1.2					Director Technical Services
A.4.1.1			To provide waste management services within Mthonjaneni	Implement Integrated Waste Manageme nt Plan	Director Technical Services
A.5.1.1			To provide access to community facilities	Establish community park in Melmoth Town	Director Technical Services
A.6.1.1			To reduce infrastructure backlogs	Facilitate the provision of infrastru ctural services housing	Director Technical Services
A.6.1.2					Director Technical Services
A.7.1.1			To maintain Council immovable property/asset	Maintain Council buildings within budget for	Director Technical Services

			s	the financial year	
A.7.2.1				Constructio n of Council Chambers	Director Technical Services
B.1.1.1 GKPI (F)	MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Providing a safe and secure environment	To create a viable and sustainable work environment	Implement Human Resource Strategies	Director Corporate Services
B.1.2.1 GKPI (E)				Implement the Employment Equity Plan of the municipality	Director Corporate Services
B.1.3.1				Implement approved municipal organogram	Director Corporate Services
GKPI(G)	FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	Providing service excellence	To be financial viable by increasing revenue and reducing debt	Manage finances in line with required legislation	Office of the Municipal Manager
GKPI(G)					Office of the Municipal Manager

GKPI(G)					Office of the Municipal Manager
C.1.1.2					Office of the Municipal Manager
C.1.2.1				Ensure regular update of indigent register	Chief Financial Officer
C.2.1.1			To ensure that transparency is attained	Ensure regular reporting on SCM and Municipal Assets	Chief Financial Officer
C.2.1.2					Chief Financial Officer
GKPI(C)				Ensure capital budget spent on capital projects	Chief Financial Officer

D.1.2.1	GOOD GOVERNANCE AND COMMUNITY PARTICIPATION	Good governance	To provide sound external and internal communication	Ensure effective municipal structures i.e. Council, EXCO and ward committees	Director Corporate Services
D.1.2.2					Director Corporate Services
D.1.2.3					Director Corporate Services
D.2.1.1			To ensure accountability and transparency	Implement the Performance Framework Policy	Office of the Municipal Manager
D.2.1.2					Office of the Municipal Manager
D.2.1.3					Office of the Municipal Manager
D.2.1.4					Office of the Municipal Manager
D.3.1.1			To ensure access to information	Ensure approval of Annual Report	Office of the Municipal Manager
E.1.1.1	LOCAL ECONOMIC DEVELOPMENT	Providing opportunities for all to aspire to a better future	To ensure LED in the municipality and create economic opportunities	Review LED Strategy	Director Corporate Services
E.1.2.1				Ensure SMME Empowerment	Director Corporate Services
E.1.3.1 GKPI				Create job opportunities	Director Technical Services

(D)				s through poverty alleviation programmes	
E.1.3.2 GKPI (D)					Director Technical Services
F.1.1.1	CROSS CUTTING INTERVENTIONS	Encouraging community participation in service delivery	To ensure that Council is striving towards its vision and mission	Preparation of an IDP within the legal guidelines	Office of the Municipal Manager
F.1.2.1				Effective community participation as promulgated in terms of Chapter 4 of the MSA no 27 of 2000	Office of the Municipal Manager
F.1.2.2					Office of the Municipal Manager
G.1.1.1		Environmentally friendly developments	To ensure environmental sustainability and management	Develop wall-to-wall scheme (LUMS)	Office of the Municipal Manager
H.1.1.1		Supporting the poor and vulnerable groups	To facilitate the social development of marginalised groups	Ensure effective gender, disabled and senior citizens structures	Director Corporate Services
H.1.1.2					Director Corporate Services
H.1.1.3					Director Corporate Services

H.1.1.4					Director Corporate Services
H.1.1.5					Director Corporate Services
H.1.1.6					Director Corporate Services
H.2.1.1			To reduce incidents of HIV/AIDS Infections	Implement HIV/AIDS Reduction programme s	Director Corporate Services
H.2.2.1				Ensure effective function of Operation Sukuma Sakhe	Director Corporate Services
I.1.1.1		Ensure community safety and security	To implement Traffic Management services	Implement traffic manageme nt	Director Corporate Services
I.1.1.2					Director Corporate Services

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Rates	Collect			7 085	6 979	9 274	14 987	11 987	11 987	9 901	10 495	11 125
Grants	Collect			39 697	21 447	22 334	46 537	46 537	46 537	77 172	70 613	73 397
Services	Collect			17 775	19 119	21 014	23 503	23 503	23 503	23 788	25 215	26 728
Licenses	Collect			2 795	2 442	3 344	3 545	3 545	3 545	2 516	2 667	2 827
Interest	Collect			3 410	4 209	2 800	2 968	2 968	2 968	3 146	3 335	3 535
Other	Collect			3 725	2 235	17 013	2 695	2 685	2 685	1 287	1 364	1 446
gains on dispsal of PPE					43	408	573	573	573	608	644	683
Traffic fines	collect				15 884	17 773	18 840	18 840	18 840	20 000	21 200	22 472
Rental of facilities and equipment	collect									507	537	569
								</				

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Employee Related Cost	Spend 95%			15 018	19 649	25 100	27 665	27 598	27 598	42 317	44 856	47 547
Remuneration of councillors	Spend 95%			2 666	2 843	3 143	3 366	3 366	3 366	6 107	6 474	6 862
Debt Impairment	Spend 95%			83	1 768	11 546	10 500	10 500	10 500	11 130	11 798	12 506
Depreciation & asset impairment	Spend 95%			3 199	3 073	4 694	5 613	5 613	5 613	3 700	3 922	4 157
Finance charges	Spend 95%											
Bulk Purchases	Spend 95%			14 295	16 887	18 433	21 051	21 051	21 051	22 304	23 642	25 061
Other materials	Spend 95%			2 192	2 115	3 048	6 822	8 015	8 015	10 131	10 739	11 383
Contracted services	Spend 95%			3 204	4 041	2 746	2 905	2 905	2 905	3 073	3 258	3 453
Transfers and grants	Spend 95%			240		860	686	686	686	1 189	1 260	1 335
Other expenditure				22 713	35 860	23 209	26 484			38 948	41 285	43 762
other general expenditure												
Allocations to other priorities												
Total Expenditure			1	63 610	86 236	92 779	105 092	79 733	79 733	138 900	147 234	156 068

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

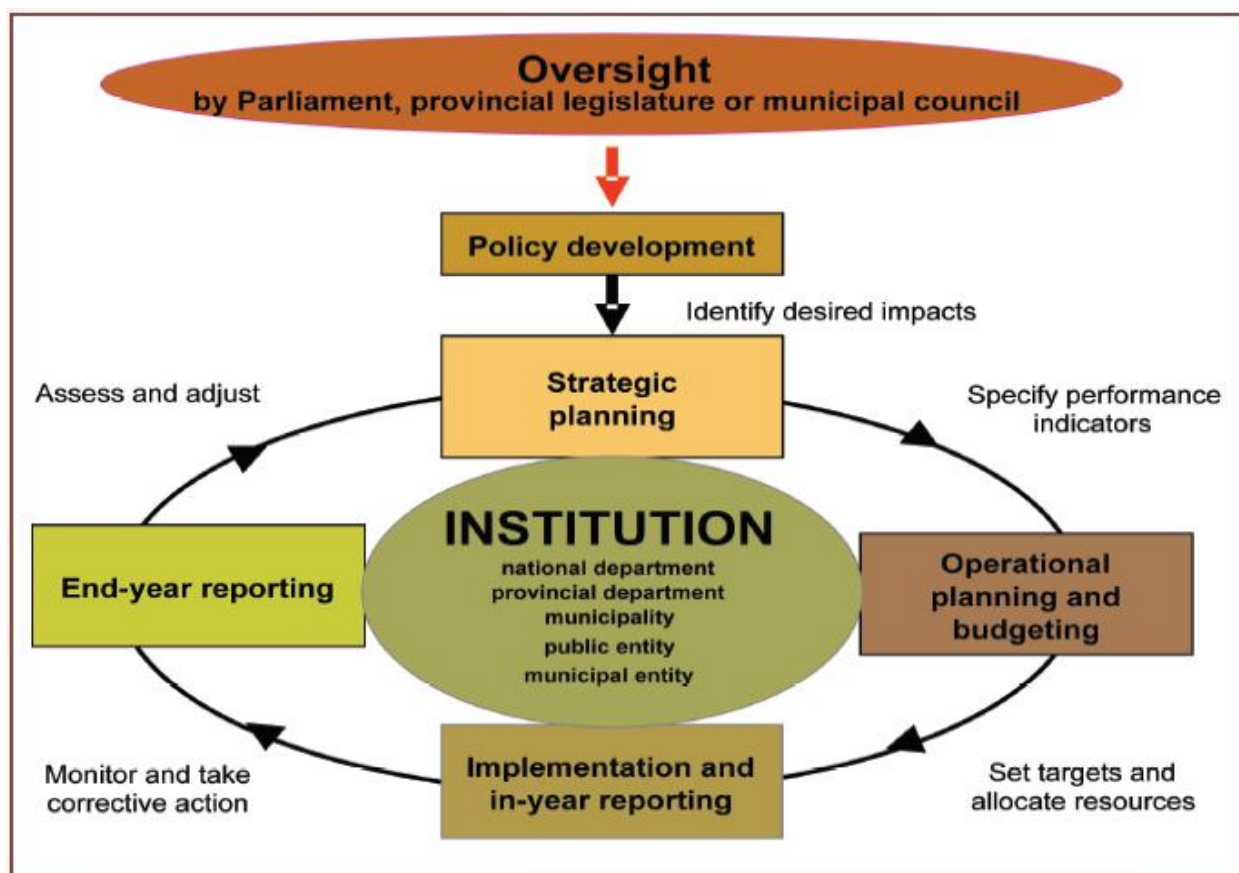


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	4.1	11.5	11.0	4.0	4.0	4.0	–	4.8	4.8	4.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days s/current liabilities	4.1	11.5	11.0	4.0	4.0	4.0	–	4.8	4.8	4.8
Liquidity Ratio	Monetary Assets/Current Liabilities	3.6	9.1	7.5	1.6	1.6	1.6	–	2.2	2.2	2.2
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	117.6%	113.4%	68.4%	74.1%	74.1%	0.0%	100.0%	93.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	117.6%	113.4%	68.4%	74.1%	74.1%	0.0%	100.0%	93.5%	93.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.5%	16.2%	23.9%	52.4%	53.8%	53.8%	0.0%	48.4%	51.4%	51.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		3.7%	8.1%	11.3%	7.1%	10.0%	10.0%	0.0%	6.6%	-6.2%	-2.2%
<u>Other Indicators</u>											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	20.3%	27.2%	26.7%	24.3%	24.9%	24.9%	0.0%	30.5%	32.4%	32.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26.8%	31.1%	28.6%	27.3%	28.0%	28.0%		34.9%	37.0%	37.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.9%	2.6%	3.2%	6.0%	7.2%	7.2%		7.3%	7.8%	7.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	4.3%	4.2%	5.0%	4.9%	5.1%	5.1%	0.0%	2.7%	2.8%	2.9%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	8.3	18.2	18.9	22.6	22.6	22.6	–	18.5	19.2	20.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	30.5%	43.6%	71.6%	150.2%	162.5%	162.5%	0.0%	196.5%	184.0%	184.0%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	17.7	9.1	7.0	5.7	3.9	3.9	–	4.8	(5.2)	(14.6)

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

The municipality currently has no borrowings and no loans are anticipated for the 2016/17 financial year.

2.3.1.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016/17 MTREF the current ratio is 2.2

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year a ratio of 2.2 is anticipated. And will be maintained accordingly.

2.3.1.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. By applying daily cash flow management the municipality has managed to ensure a 100 % compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.5 Other Indicators

Employee costs as a percentage of operating expenditure is 30.46% which is well within the prescribed threshold.

Repairs and maintenance as percentage of operating expenditure is 7.26 % which is an improvement of more than 100% from the current and prior years. In real terms, the amount budgeted for the two outer years will be reviewed, as maintaining the municipalities' asset base is a priority.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

For the 2016/17 financial year 1263 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 50kWh of electricity free waste removal equivalent once weeks, as well as a discount on their property rates. Indigents also qualify for pauper burials.

Further details with regards the terms and conditions to qualify for these benefits are contained in indigent policy.

2.4 OVER VIEW OF BUDGET RELATED POLICIES

1.11.1. Budget Policy

1.11.2. Pauper burial policy

1.11.3. Debt write- off Policy

1.11.4. Credit Control and Debt Collection Policy

1.11.5. Tariffs Policy

1.11.6. Indigent support Policy

1.11.7. fixed Asset Policy

1.11.8. Cash Management policy

1.11.9. Risk management Policy

1.11.10. Virements policy

2.4.1 Budget Policy

The objective of this policy is to set out the budgeting principles which the Municipality will follow in preparing each annual budget, as well as the responsibilities of the Chief Financial Officer in compiling such budget.

2.4.2 Pauper burial Policy

Each Local municipality is expected to dispose of the remains for the person/s found dead, in its area of jurisdiction, for whom no responsible agent can be found or whose next of kin is declared as indigent.

2.4.3 Debt Write Off Policy

- The purpose of this policy is to provide a framework for regulating the writing – off of irrecoverable debts and the consequent further enhancement of the municipality's debt management strategy.
- A debt may only be written – off by resolution of the council.
- Unless specific provision is made elsewhere in this policy, the Council may only write-off a debt after consideration of a report and recommendations from the Accounting Officer, containing at least the information prescribed by this policy certifying that the processes provided for in the municipality's Customer Care Credit Control and Debt Collection Policy have been adhered to and that in his / her opinion there is no reasonable prospect of recovery of the debt and / or that further efforts to do so would be uneconomical.
- A debt may be only be written - off Council against the municipality's provision for doubtful debts, being a funded reserve established pursuant to the municipality's Funding and Reserves Policy.
- The writing-off of a debt by the council is an accounting procedure and does not constitute abandonment by the municipality of its claim against a debtor.
- Copies of the reports to the council in regard to all debts written-off are to be retained in the records of the municipality against the name of the debtor.
- In terms of the Indigent Policy, the arrears on an account are written-off upon registration as an indigent account and the related report is submitted to Council.

2.4.4 Credit Control and Debt Collection Policy

- The Council of the municipality, in adopting this policy on credit control and debt collection, recognises its constitutional obligations to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfil these constitutional obligations unless it exacts payment for the services which it provides and for the taxes which it legitimately levies – in full from those residents who can afford to pay, and in accordance with its indigency relief measures for those who have registered as indigents in terms of the Council's approved indigent management policy.

1.11.5. Tariffs Policy

- A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

- The rates and tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74.
- In setting its annual tariffs the Council shall at all times take due cognizance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.
- Service tariffs imposed by the local municipality shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time)
- The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.

1.11.6 Indigent Support Policy

- Indigents, whose level of income is less than the amount determined by Council as qualifying for indigent support, may apply in writing to the Council for such support.
- Owners or occupiers who apply for such support shall be required to apply annually, in writing, for such support on the prescribed form.
- Only registered residential consumers of services delivered by Municipality qualify for support.
- No consumer conducting a business on a residential property, with or without special consent from the Council, shall qualify for assistance.
- Support in terms of this policy only is provided to owners or residents who occupy the premises.
- Applications for support must be made during March of each year and will apply from the first of the month following the month application and will continue for 12 months.
- Should further support be required a new application must be lodged.

1.11.7. Fixed Asset Policy

- As accounting officer of the municipality, the municipal manager shall be the principal custodian of all the municipality's fixed assets, and shall be responsible for ensuring that the Fixed Asset Management Policy is scrupulously applied and adhered to.
- The chief financial officer shall be in control of the fixed asset register of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained.
- No amendments, deletions or additions to the fixed asset register shall be made other than by the chief financial officer or by an official acting under the written instruction of the chief financial officer.

1.11.8. Cash Management Policy

- The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

- The Council of the municipality is the trustee of the public revenues which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- The Council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.
- The investment policy of the municipality is therefore aimed at gaining the highest possible return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

1.11.9. Risk management policy

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the Mthonjaneni Local Municipality environment

Risk is inherent in all academic, administrative and business activities. Every member of the Mthonjaneni community continuously manages risk. Formal and systematic approaches to managing risk have evolved and they are now regarded as good management practise. As a consequence Mthonjaneni acknowledges that the adoption of a strategic and formal risk management will improve decision-making, enhance outcomes and accountability.

The aim of this policy is not to eliminate risk, rather to manage the risks involved in Mthonjaneni activities to maximize opportunities and minimize adversity. Effective risk management requires.

- ☐ A strategic focus,
- ☐ Forward thinking and active approaches to management
- ☐ Balance between the cost of managing risk and the anticipated benefits, and
- ☐ Contingency planning in the event that mission critical threats are realized.

Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

1.11.10. Virements Policy

This policy applies only to transfers between line items within votes of the Municipality's operating budget.

Section 28(2) (d) read together with section 69 of the MFMA provides that *"An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote."* Transfers between votes may therefore be authorised only by the Council of the Municipality.

For ease of reference, the definition of "vote" as contained in Section 1 of the MFMA is set out hereunder:

"vote means –

- (a) *one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*
- (b) *which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."*

This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy.

Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the Council through an adjustment budget.

All policies highlighted above have been attached to the budget for further reference.

2.5 OVER VIEW OF BUDGET ASSUMPTIONS

2.5.1 External factors

The 2017 Budget review notes that while 20 years of democracy have brought enduring achievements for South Africa there is room for complacency to overcome apartheid's spatial legacy the provision of housing and social infrastructure needs to improved and planning frame works across government strengthened. The budget policy framework for the next three years is designed to manage risk in a constrained fiscal environment, while building a foundation for economic growth is supported by the implementation of the national development plan (NDP). Although South Africa's economy has expanded over the past years the rate of growth has steadily declined from 2.5% of GDP in 2012 to 1.8% in 2013 it is however anticipated to increase to 2.6% in 2015/16 and gradually increase to 3% by 2017.

The trend reflects a confluence of unfavourable global and domestic circumstances which impact all spheres of government. Aware of these risks government is maintaining its expenditure ceiling and no additional funds will be added to total expenditure announced in last year's budget. Inflation and nominal spending ceiling will put real budgets under pressure over the medium term requiring all spheres of government to work efficiently.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets
- The general inflationary outlook and the impact on Municipality's residents and businesses
- The impact of municipal cost drivers

- The increase in prices for bulk electricity
- The increase in the cost of remuneration. Employee related costs comprise 29.6 % of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Interest rates for investment of funds

In accordance with the MFMA and the municipal policy Mthonjaneni Municipality engages in a number of investment arrangements to maximise its interest income. However, for simplicity the 2016/17 MTREF is based on the assumption that all investment are made using fixed interest rates for all investments that the municipality has. As noted under the discussion of anticipated capital expenditure a significant amount will be taken from the municipality's' investments to fund the capital budget in the 2016/17 financial year. This has been noted and taken into account when forecasting interest income for the 2016/17 MTREF.

2.5.4 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.5 Salary increases

Circular 79 from national treasury recommends: "salary and wage increases of CPI plus 1%, as indicated in the Salary and Wage Collective Agreement"., we have budgeted for an 8% increase of all employees across the board.

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs
- Enhancing education and skill development
- Improving Health services
- Rural development and agriculture and
- Fighting poverty

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

Description	Ref	Current Year 2015/16		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand	1	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	Pre-audit outcome
Revenue By Source									
Property rates	2	11 987	10,83%	9 882	7,11%	10 475	7,56%	11 104	7,64%
Property rates - penalties & collection charges		672	0,61%	580	0,42%	615	0,44%	652	0,44%
Service charges - electricity revenue	2	22 222	20,08%	22 702	16,34%	24 064	17,37%	25 508	17,54%
Service charges - water revenue	2	–		–		–		–	–
Service charges - sanitation revenue	2	–		–		–		–	–
Service charges - refuse revenue	2	1 281	1,16%	1 088	0,78%	1 153	0,83%	1 222	0,84%
Service charges - other									
Rental of facilities and equipment		473	0,42%	507	0,36%	537	0,38%	569	0,39%
Interest earned - external investments		2 968	2,68%	3 146	2,26%	3 335	2,41%	3 535	2,43%
Interest earned - outstanding debtors									
Dividends received									
Fines		18 840	17,03%	20 000	14,40%	21 200	15,30%	22 472	15,46%
Licences and permits		3 545	3,20%	2 516	1,81%	2 667	1,93%	2 827	1,94%
Agency services									
Transfers recognised - operational		46 537	42,05%	76 610	55,14%	70 613	50,97%	73 397	50,48%
Other revenue	2	1 559	1,41%	1 287	0,96%	1 364	0,98%	1 446	0,99%
Gains on disposal of PPE		573	0,52%	608	0,44%	644	0,46%	683	0,47%
Total Revenue (excluding capital transfers and contributions)		110 657	99,99%	138 926	100,02%	138 543	99,99%	145 402	98,62%

The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.

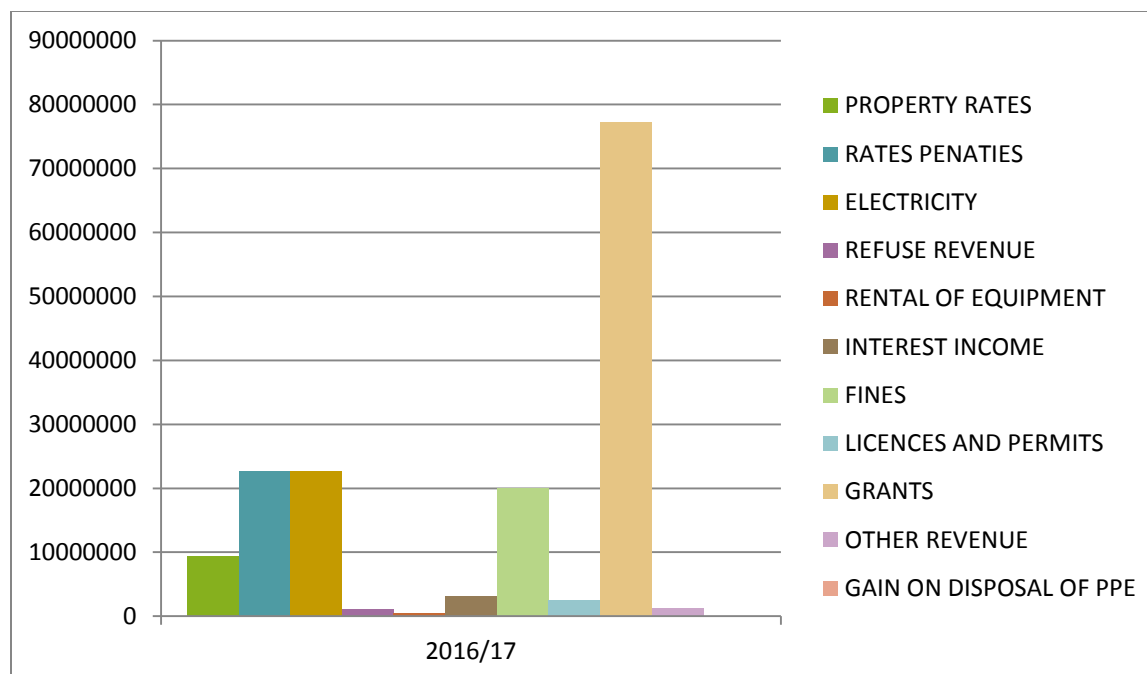


Figure 3

Figure 5 Breakdown of operating revenue over the 2016/17 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of and services such as electricity, and solid waste removal as well as Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of a 95% annual collection rate for consumer revenue
- National Treasury guidelines
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 as noted under the operating expenditure framework is 6.18 % for electricity and 6 % for the refuse removal service W. The property rates tariff has remained unchanged together with agricultural property rates.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress has been made in dealing with these objections. As the levying of property rates is considered strategic revenue source a further supplementary valuation process will be undertaken in the 2016/17 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Revenue relating to electricity and refuse removal of will total R22.7 and R1 million respectively for the 2016/17 financial year with electricity increasing to R24 million by 2017/18. These constitute 17 % of the total budget.

Operational grants and subsidies amount to R77.1 million in the 2016/17 financial year being 56% of the total budgeted revenue. It needs to be noted that in real terms the grants receipts from national government are growing steadily over the MTREF.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of between R3.1 million to R3.5 million for the respective three financial years of the 2016/17 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 29 MBRR SA15 – Detail Investment Information

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		67 040	25 870	20 000	16 000	16 000	16 000	25 500	27 030	28 652
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	67 040	25 870	20 000	16 000	16 000	16 000	25 500	27 030	28 652

Table 30 MBRR SA15 – Detail Investment particulars by maturity

The table reflects a list of investments currently held by the municipality

Investments by maturity Name of institution & investment ID R thousands	Type of Investment	Expiry date of investment	Yield for the month 1 (%)	Market value at end of Dec 2015 Excluding interest
Municipality				
INVESTEC	FIXED	12/05/2016	7.71%	25 000
INVESTEC	CALL		5%	14078
FNB	FIXED	12/02/2016	4.8%	1 540
FNB	FIXED	GUARANTEE	2.2%	500
FNB	FIXED		5.75	3138
Municipality sub-total				44 256

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.

2.6.2 Capital revenue

The capital expenditure budget will be funded from the Municipal infrastructure grant to the value of R18.9 million. Amounts of R8.5 million will be received as a rural electrification grant INEG. Elaborate disclosures on SA18

2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 31 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		27 407	20 575	36 783	45 814	45 814	45 814	75 872	70 613	73 397
Local Government Equitable Share		25 107	17 035	31 674	38 963	38 963	38 963	63 687	67 763	70 547
Finance Management		1 500	1 650	1 800	1 800	1 800	1 800	2 738	2 850	2 850
Municipal Systems Improvement		800	890	934	930	930	930			
EPWP Incentive			1 000	2 375	2 264	2 264	2 264	2 161		
Demarcation Transition Grant					1 857	1 857	1 857	7 286		
Provincial Government:		393	634	661	723	723	723	738	-	-
Community libraries Service grant			120	126	170	170	170	179		
Provincialisation of Libraries		393	514	535	553	553	553	559		
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: GOGTA		-	-	500	-	-	-	-	-	-
Total Operating Transfers and Grants	5	27 800	21 209	37 944	46 537	46 537	46 537	76 610	70 613	73 397
Capital Transfers and Grants										
National Government:		19 055	12 487	15 610	20 904	20 904	20 904	27 399	26 370	29 199
Municipal Infrastructure Grant (MIG)		13 055	12 487	12 610	12 904	12 904	12 904	18 899	18 370	19 199
integrated national electrification grant (INEG)		6 000		3 000	8 000	8 000	8 000	8 500	8 000	10 000
Provincial Government:		1 000	-	-	-	-	-	-	-	-
Sports and Recreation, Small Town, Market Stalls, EWP		1 000								
District Municipality: UTHUNGULU		-	265	-	-	-	-	-	-	-
Other grant providers: GOGTA		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	20 055	12 752	15 610	20 904	20 904	20 904	27 399	26 370	29 199
TOTAL RECEIPTS OF TRANSFERS & GRANTS		47 855	33 961	53 554	67 441	67 441	67 441	104 009	96 983	102 596

2.8 COUNCILLOR AND EMPLOYEE BENEFITS

Table 6 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		1 649	1 569	2 085	1 898	1 898	1 898	3 733	3 957	4 195
Pension and UIF Contributions		262	251	314	333	333	333	756	801	849
Medical Aid Contributions			34	43	44	44	44	100	106	112
Motor Vehicle Allowance		598	676	403	734	734	734	800	848	899
Cellphone Allowance		156	206	259	316	316	316	718	761	807
Housing Allowances										
Other benefits and allowances			107	40	42	42	42			
Sub Total - Councillors		2 666	2 843	3 143	3 366	3 366	3 366	6 107	6 474	6 862
% increase	4		6.7%	10.5%	7.1%	-	-	81.4%	6.0%	6.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		1 786	2 608	2 875	2 721	2 721	2 721	3 634	3 852	4 083
Pension and UIF Contributions			39	43				30	32	34
Medical Aid Contributions										
Overtime										
Performance Bonus		176	-	252	525	525	525	1 059	1 123	1 190
Motor Vehicle Allowance	3	204			686	686	686	705	747	792
Cellphone Allowance	3		-	-	24	24	24			
Housing Allowances	3									
Other benefits and allowances	3		641	591	4	4	4	76	80	85
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		2 166	3 287	3 761	3 959	3 959	3 959	5 504	5 834	6 184
% increase	4		51.7%	14.4%	5.3%	-	-	39.0%	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages		12 952	11 892	14 443	17 098	17 098	17 098	23 815	25 244	26 759
Pension and UIF Contributions		1 863	1 697	1 945	2 279	2 279	2 279	2 996	3 176	3 367
Medical Aid Contributions			695	980	1 231	1 231	1 231	3 659	3 878	4 111
Overtime			848	1 017	1 157	1 157	1 157	1 046	1 109	1 176
Performance Bonus		274		140				1 802	1 910	2 025
Motor Vehicle Allowance	3	166	597	629	660	660	660	1 901	2 015	2 136
Cellphone Allowance	3									
Housing Allowances	3			47						
Other benefits and allowances	3		573	724	931	864	864	1 594	1 689	1 790
Payments in lieu of leave										
Long service awards		32	60	37	250	250	250			
Post-retirement benefit obligations	6	(180)		-	100	100	100			
Sub Total - Other Municipal Staff		15 108	16 362	19 961	23 706	23 639	23 639	36 813	39 022	41 363
% increase	4		8.3%	22.0%	18.8%	(0.3%)	-	55.7%	6.0%	6.0%
Total Parent Municipality		19 940	22 493	26 865	31 031	30 964	30 964	48 424	51 329	54 409
			12.8%	19.4%	15.5%	(0.2%)	-	56.4%	6.0%	6.0%

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		333 855		20 868			354 723
Chief Whip								-
Executive Mayor			417 006		20 868			437 874
Deputy Executive Mayor			333 855		20 868			354 723
Executive Committee			1 108 607		83 472			1 192 079
Total for all other councillors			3 496 762		271 284			3 768 046
Total Councillors	8	-	5 690 084	-	417 360			6 107 444
Senior Managers of the Municipality	5							
Municipal Manager (MM)			823 196	8 232	180 306	451 393		1 463 127
Chief Finance Officer			709 794	7 098	183 645	107 551		1 008 087
Director technical services			760 725	7 607	183 991	106 502		1 058 825
Director corporate services			760 725		165 360	114 337		1 040 422
Director community services			752 382	7 524		80 304		840 209
<i>List of each official with packages >= senior manager</i>								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	3 806 822	30 461	713 302	860 086		5 410 671

Table 34MBRR SA24– summary of personnel numbers

Summary of Personnel Numbers		Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)				11		25					
Board Members of municipal entities		4									
Municipal employees		5									
Municipal Manager and Senior Managers		3			4			5			
Other Managers		7									
Professionals			–	8	–	–	8	–	8	–	–
Finance				5			5		5		
Spatial/town planning				2			2		2		
Information Technology				1			1		1		
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Technicians			–	1	–	–	1	–	1	–	–
Finance											
Spatial/town planning											
Information Technology				1			1		1		
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Clerks (Clerical and administrative)				47			47			49	
Service and sales workers				8			8				
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators											
Elementary Occupations											
TOTAL PERSONNEL NUMBERS		9	–	75	4	25	64	5	9	49	–
% increase						–	(14,7%)	25,0%	(64,0%)	(23,4%)	(100,0%)
Total municipal employees headcount		6, 10									
Finance personnel headcount		8, 10									
Human Resources personnel headcount		8, 10									

2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 35MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue By Source																
Property rates		824	824	824	824	824	824	824	824	824	824	824	824	9 882	10 475	11 104
Property rates - penalties & collection charges		48	48	48	48	48	48	48	48	48	48	48	48	580	615	652
Service charges - electricity revenue		1 892	1 892	1 892	1 892	1 892	1 892	1 892	1 892	1 892	1 892	1 892	1 892	22 702	24 064	25 508
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		91	91	91	91	91	91	91	91	91	91	91	91	1 088	1 153	1 222
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		42	42	42	42	42	42	42	42	42	42	42	42	507	537	569
Interest earned - external investments		262	262	262	262	262	262	262	262	262	262	262	262	3 146	3 335	3 535
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	20 000	21 200	22 472
Licences and permits		210	210	210	210	210	210	210	210	210	210	210	210	2 516	2 667	2 827
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	76 610	70 613	73 397
Other revenue		107	107	107	107	107	107	107	107	107	107	107	107	1 287	1 364	1 446
Gains on disposal of PPE		51	51	51	51	51	51	51	51	51	51	51	51	608	644	683
Total Revenue (excluding capital transfers and contributions)		11 577	11 577	11 577	11 577	11 577	11 577	11 577	11 577	11 577	11 577	11 577	11 577	138 926	136 668	143 416
Expenditure By Type																
Employee related costs		3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	42 317	44 856	47 547
Remuneration of councillors		509	509	509	509	509	509	509	509	509	509	509	509	6 107	6 474	6 862
Debt impairment		928	928	928	928	928	928	928	928	928	928	928	928	11 130	11 798	12 506
Depreciation & asset impairment		308	308	308	308	308	308	308	308	308	308	308	308	3 700	3 922	4 157
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	22 304	23 642	25 061
Other materials		678	678	678	678	678	678	678	678	678	678	678	678	8 131	8 619	9 136
Contracted services		256	256	256	256	256	256	256	256	256	256	256	256	3 073	3 258	3 453
Transfers and grants		99	99	99	99	99	99	99	99	99	99	99	99	1 189	1 260	1 335
Other expenditure		3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 412	40 948	43 405	46 010
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	138 900	147 234	156 068
Surplus/(Deficit)		2	2	2	2	2	2	2	2	2	2	2	2	27	(10 565)	(12 652)
Transfers recognised - capital		2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	27 399	18 370	19 199
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	27 426	7 805	6 547
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	27 426	7 805	6 547

Table36 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Vote 1 - Council													-	-	-	-
Vote 2 - Municipal Manager		607	607	607	607	607	607	607	607	607	607	607	607	7 286	-	-
Vote 3 - Financial Services		6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	83 513	76 560	81 154
Vote 4 - Corporate and Community Services		3	3	3	3	3	3	3	3	3	3	3	3	37	39	41
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Protection Services		1 876	1 876	1 876	1 876	1 876	1 876	1 876	1 876	1 876	1 876	1 876	1 876	22 516	23 867	25 299
Vote 8 - Technical Services		1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 724	20 684	21 925	23 240
Vote 9 - Refuse Removal		91	91	91	91	91	91	91	91	91	91	91	91	1 088	1 153	1 222
Vote 10 - Electricity		2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	31 202	33 074	35 059
Vote 11 - [NAME OF VOTE 11]		-	-										-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-										-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-										-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-										-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-										-	-	-	-
Total Revenue by Vote		13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	166 325	156 618	166 015
Expenditure by Vote to be appropriated																
Vote 1 - Council		689	689	689	689	689	689	689	689	689	689	689	689	8 272	8 769	9 295
Vote 2 - Municipal Manager		1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	14 387	15 250	16 165
Vote 3 - Financial Services		2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	27 526	29 178	30 929
Vote 4 - Corporate and Community Services		1 489	1 489	1 489	1 489	1 489	1 489	1 489	1 489	1 489	1 489	1 489	1 489	17 870	18 942	20 079
Vote 5 - Public Safety		360	360	360	360	360	360	360	360	360	360	360	360	4 315	4 574	4 848
Vote 6 - Public Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Protection Services		949	949	949	949	949	949	949	949	949	949	949	949	11 393	12 076	12 801
Vote 8 - Technical Services		2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	26 995	28 615	30 332
Vote 9 - Refuse Removal		157	157	157	157	157	157	157	157	157	157	157	157	1 882	1 995	2 115
Vote 10 - Electricity		2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	26 259	27 835	29 505
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Expenditure by Vote		11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	138 900	147 234	156 068
Surplus/(Deficit) before assoc.		2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	27 426	9 385	9 948
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	27 426	9 385	9 948

Table 37 MBRR SA27 -Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue - Standard																
Governance and administration		7 567	7 567	7 567	7 567	7 567	7 567	7 567	7 567	7 567	7 567	7 567	7 567	90 799	96 247	102 021
Executive and council		607	607	607	607	607	607	607	607	607	607	607	607	7 286	7 723	8 187
Budget and treasury office		6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	6 959	83 513	88 524	93 835
Corporate services																
Community and public safety		152	152	152	152	152	152	152	152	152	152	152	152	1 821	1 931	2 046
Community and social services		152	152	152	152	152	152	152	152	152	152	152	152	1 821	1 931	2 046
Sport and recreation																
Public safety																
Housing																
Health																
Economic and environmental services		3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	41 415	43 900	46 534
Planning and development																
Road transport		3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	3 451	41 415	43 900	46 534
Environmental protection																
Trading services		2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 290	34 227	36 281
Electricity		2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	31 202	33 074	35 059
Water																
Waste water management																
Waste management		91	91	91	91	91	91	91	91	91	91	91	91	1 088	1 153	1 222
Other																
Total Revenue - Standard		13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	13 860	166 325	176 305	186 883
Expenditure - Standard																
Governance and administration		5 590	5 590	5 590	5 590	5 590	5 590	5 590	5 590	5 590	5 590	5 590	5 590	67 079	71 104	75 370
Executive and council		1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 888	22 659	24 019	25 460
Budget and treasury office		2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	2 294	27 526	29 178	30 929
Corporate services		1 408	1 408	1 408	1 408	1 408	1 408	1 408	1 408	1 408	1 408	1 408	1 408	16 893	17 907	18 982
Community and public safety		2 254	2 254	2 254	2 254	2 254	2 254	2 254	2 254	2 254	2 254	2 254	2 254	27 047	28 669	30 390
Community and social services		1 894	1 894	1 894	1 894	1 894	1 894	1 894	1 894	1 894	1 894	1 894	1 894	22 732	24 096	25 541
Sport and recreation																
Public safety		360	360	360	360	360	360	360	360	360	360	360	360	4 315	4 574	4 848
Housing																
Health																
Economic and environmental services		1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	16 633	17 630	18 688
Planning and development																
Road transport		1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	16 633	17 630	18 688
Environmental protection																
Trading services		2 345	2 345	2 345	2 345	2 345	2 345	2 345	2 345	2 345	2 345	2 345	2 345	28 141	29 830	31 620
Electricity		2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	26 259	27 835	29 505
Water																
Waste water management																
Waste management		157	157	157	157	157	157	157	157	157	157	157	157	1 882	1 995	2 115
Other																
Total Expenditure - Standard		11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	138 900	147 234	156 068
Surplus/(Deficit) before assoc.		2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	27 426	29 071	30 815
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	2 285	27 426	29 071	30 815

Table 38 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated	1															
Vote 1 - Council		80	80	80	80	80	80	80	80	80	80	80	80	960	1 018	1 079
Vote 2 - Municipal Manager		2	2	2	2	2	2	2	2	2	2	2	2	22	23	24
Vote 3 - Financial Services		5	5	5	5	5	5	5	5	5	5	5	5	61	65	69
Vote 4 - Corporate and Community Services		14	14	14	14	14	14	14	14	14	14	14	14	163	173	183
Vote 5 - Public Safety													-	-	-	-
Vote 6 - Public Health													-	-	-	-
Vote 7 - Protection Services		16	16	16	16	16	16	16	16	16	16	16	16	197	209	221
Vote 8 - Technical Services		1 862	1 862	1 862	1 862	1 862	1 862	1 862	1 862	1 862	1 862	1 862	1 862	22 339	23 679	25 100
Vote 9 - Refuse Removal		142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 802	1 910
Vote 10 - Electricity		733	733	733	733	733	733	733	733	733	733	733	733	8 800	9 328	9 888
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital multi-year expenditure sub-total	2	2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	34 242	36 296	38 474

Table 39 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
Governance and administration		100	100	100	100	100	100	100	100	100	100	100	100	1 206	1 278	1 355
Executive and council		82	82	82	82	82	82	82	82	82	82	82	82	982	1 040	1 103
Budget and treasury office		5	5	5	5	5	5	5	5	5	5	5	5	61	65	69
Corporate services		14	14	14	14	14	14	14	14	14	14	14	14	163	173	183
Community and public safety		268	268	268	268	268	268	268	268	268	268	268	268	3 220	3 413	3 618
Community and social services		268	268	268	268	268	268	268	268	268	268	268	268	3 220	3 413	3 618
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
Economic and environmental services		1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	19 316	20 475	21 703
Planning and development													-	-	-	-
Road transport		1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	19 316	20 475	21 703
Environmental protection													-	-	-	-
Trading services		733	733	733	733	733	733	733	733	733	733	733	733	2 433	10 500	11 130
Electricity		733	733	733	733	733	733	733	733	733	733	733	733	8 800	9 328	9 888
Water													-	-	-	-
Waste water management													-	-	-	-
Waste management													1 700	1 700	1 802	1 910
Other													-	-	-	-
Total Capital Expenditure - Standard	2	2 712	2 712	2 712	2 712	2 712	2 712	2 712	2 712	2 712	2 712	2 712	4 412	34 242	36 296	38 474
Funded by:																
National Government		2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	27 399	29 043	30 786
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	27 399	29 043	30 786
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds		570	570	570	570	570	570	570	570	570	570	570	570	6 843	7 354	7 795
Total Capital Funding		2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	2 853	34 242	36 397	38 581

Table 40 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source													1		
Property rates	817	817	817	817	817	817	817	817	817	817	817	817	9 798	10 386	11 009
Property rates - penalties & collection charges	48	48	48	48	48	48	48	48	48	48	48	48	580	615	652
Service charges - electricity revenue	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	19 297	20 455	21 682
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	77	77	77	77	77	77	77	77	77	77	77	77	925	980	1 039
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	36	36	36	36	36	36	36	36	36	36	36	36	431	456	484
Interest earned - external investments	262	262	262	262	262	262	262	262	262	262	262	262	3 146	3 335	3 535
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	20 000	21 200	22 472
Licences and permits	210	210	210	210	210	210	210	210	210	210	210	210	2 516	2 667	2 827
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	6 384	76 610	70 613	73 397
Other revenue	91	91	91	91	91	91	91	91	91	91	91	91	1 094	1 160	1 229
Cash Receipts by Source	11 200	11 200	11 200	11 200	11 200	11 200	11 200	11 200	11 200	11 200	11 200	11 200	134 397	131 867	138 326
Other Cash Flows by Source															
Transfer receipts - capital	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	27 399	29 361	31 123
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	608	608	644	683
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	13 483	13 483	13 483	13 483	13 483	13 483	13 483	13 483	13 483	13 483	13 483	14 091	162 403	161 872	170 132
Cash Payments by Type															
Employee related costs	3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	3 526	42 317	44 856	47 547
Remuneration of councillors	509	509	509	509	509	509	509	509	509	509	509	509	6 107	6 474	6 862
Finance charges	928	928	928	928	928	928	928	928	928	928	928	928	11 130	11 798	12 506
Bulk purchases - Electricity	1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	1 859	22 304	23 642	25 061
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	844	844	844	844	844	844	844	844	844	844	844	844	10 131	10 739	11 383
Contracted services	256	256	256	256	256	256	256	256	256	256	256	256	3 073	3 258	3 453
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	99	99	99	99	99	99	99	99	99	99	99	99	1 189	1 260	1 336
Other expenditure	3 554	3 554	3 554	3 554	3 554	3 554	3 554	3 554	3 554	3 554	3 554	3 554	42 648	45 207	47 920
Cash Payments by Type	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	11 575	138 900	147 234	156 068
Other Cash Flows/Payments by Type															
Capital assets	2 853	2 853	2 861	2 861	2 861	2 861	2 861	2 861	2 861	2 861	2 861	2 790	34 242	36 296	38 474
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	14 428	14 428	14 436	14 436	14 436	14 436	14 436	14 436	14 436	14 436	14 436	14 365	173 142	183 530	194 542
NET INCREASE/(DECREASE) IN CASH HELD	(946)	(946)	(953)	(953)	(953)	(953)	(953)	(953)	(953)	(953)	(953)	(274)	(10 738)	(21 658)	(24 411)
Cash/cash equivalents at the month/year begin:	26 388	25 443	24 497	23 545	22 592	21 639	20 687	19 734	18 781	17 829	16 876	15 924	26 388	15 650	(6 009)
Cash/cash equivalents at the month/year end:	25 443	24 497	23 545	22 592	21 639	20 687	19 734	18 781	17 829	16 876	15 924	15 650	15 650	(6 009)	(30 419)

2.11. LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In- year reporting

Section S71 Reporting to National Treasury in electronic format was fully complied with on a monthly basis.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 5 interns that have undergone training in various divisions of the Financial Services Department. The contract of the five interns ends March 2016. Since the introduction of the Internship programme the Municipality has successfully employed and trained 18 interns through this programme and a majority of them were appointed either in the Municipality or other municipalities.

2 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

3 Audit Committee

An Audit Committee has been established and is fully functional.

4 Service Delivery and Implementation Plan

The detail SDBIP document is at has been finalised after approval of the 2016/17 MTREF in March 2015 directly aligned and informed by the 2016/17 MTREF.

5 Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

6 Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.12. OTHER SUPPORTING DOCUMENTS**Table 41 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		7 085	6 979	12 020	19 157	16 157	16 157	16 157	9 882	10 475	11 104
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)				2 746	4 170	4 170	4 170	4 170			
Net Property Rates		7 085	6 979	9 274	14 987	11 987	11 987	11 987	9 882	10 475	11 104
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		16 696	17 987	19 937	22 370	22 370	22 370	22 370	22 702	24 064	25 508
less Revenue Foregone (in excess of 50 kwh per indigent household per month)				131	147	147	147	147			
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		16 696	17 987	19 806	22 222	22 222	22 222	22 222	22 702	24 064	25 508
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6										
Total refuse removal revenue		1 079	1 132	1 209	1 281	1 281	1 281	1 281	1 088	1 153	1 222
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		1 079	1 132	1 209	1 281	1 281	1 281	1 281	1 088	1 153	1 222
Other Revenue by source											
Fuel Levy											
Other Revenue		428	1 463	323	1 550	1 559	1 559	1 559	1 287	1 364	1 446
Total 'Other' Revenue	3										
	1	428	1 463	323	1 550	1 559	1 559	1 559	1 287	1 364	1 446
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		12 952	14 479	18 875	19 756	19 756	19 756	19 756	26 845	28 455	30 163
Pension and UIF Contributions		1 863	2 431	2 151	2 279	2 262	2 262	2 262	2 823	2 992	3 172
Medical Aid Contributions		-		976	1 231	1 231	1 231	1 231	3 659	3 878	4 111
Overtime			848	503	1 157	1 157	1 157	1 157	1 114	1 181	1 252
Performance Bonus		274		436	525	525	525	525	2 703	2 865	3 037
Motor Vehicle Allowance		166	1 238	1 096	1 346	1 347	1 346	1 346	2 605	2 762	2 927
Cellphone Allowance				24							
Housing Allowances			417								
Other benefits and allowances		-	176	688	1 021	972	972	972	2 568	2 722	2 885
Payments in lieu of leave				-							
Long service awards		32	60	250	250	250	250	250			
Post-retirement benefit obligations		(180)		100	100	100	100	100			
sub-total	4	15 108	19 649	25 100	27 665	27 599	27 598	27 598	42 317	44 856	47 547
Less: Employees costs capitalised to PPE	5										
Total Employee related costs	1	15 108	19 649	25 100	27 665	27 599	27 598	27 598	42 317	44 856	47 547
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		3 199	3 073	4 694	5 613	5 613	5 613	5 613	3 700	3 922	4 157
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	3 199	3 073	4 694	5 613	5 613	5 613	5 613	3 700	3 922	4 157
Bulk purchases											
Electricity Bulk Purchases		14 295	16 887	18 433	21 051	21 051	21 051	21 051	22 304	23 642	25 061
Water Bulk Purchases											
Total bulk purchases	1	14 295	16 887	18 433	21 051	21 051	21 051	21 051	22 304	23 642	25 061

Table 41 MBRR Table SA1 - Supporting detail to budgeted financial performance continued....

Transfers and grants											
Cash transfers and grants		240	–	860	686	686	686	–	1 189	1 260	1 335
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	240	–	860	686	686	686	–	1 189	1 260	1 335
Contracted services											
List services provided by contract		3 204	4 041	2 746	2 905	2 905	2 905	2 905	3 073	3 258	3 453
sub-total	1	3 204	4 041	2 746	2 905	2 905	2 905	2 905	3 073	3 258	3 453
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		3 204	4 041	2 746	2 905	2 905	2 905	2 905	3 073	3 258	3 453
Other Expenditure By Type											
Collection costs		59	63	42							
Contributions to 'other' provisions		2 536	2 688		12 078	12 078	12 078	12 078	2 000	2 120	2 247
Consultant fees		1 251	1 326	399	423	423	423	423		–	–
Audit fees		900	954	1 750	1 587	1 587	1 587	1 587	1 800	1 908	2 022
General expenses	3	2 020	2 141	1 535	1 624	1 624	1 624	1 624		–	–
financial systems & IT			3 500	566	200	200	200	200		–	–
staff, coucilor, wardcommittee training				550	382	382	382	382	660	700	742
Electricity			398	334	354	354	354	354	380	403	427
Fuel & chemicals		907	962	691	693	693	693	693	1 284	1 361	1 442
Insurance		2 299	2 437	431	456	456	456	456	350	371	393
interns & wardcommittees		1 511	1 602	891	650	650	650	650	710	753	798
Post and Telephone		587	622	380	382	382	382	382	750	795	843
Printing and Stationary		355	377	419	292	292	292	292	525	557	590
Refuse bags			–	370	391	391	391	391	425	451	478
Sundries		6 474	6 863	445	139	139	139	139	250	265	281
Cultural activities/youth activities/sport		240	255	625	350	350	350	350	3 239	3 433	3 639
disaster management		109	116	270	286	286	286	286	1 100	1 166	1 236
Conference and travel		567	601	725	767	767	767	767	1 455	1 543	1 635
Advertisement		262	278	230	243	243	243	243	2 562	2 716	2 879
Protective clothing		317	336	269	285	285	285	285	585	620	657
store and materials			–	200	212	212	212	212	333	353	374
Grants in aid/BURSARIES		14	15	405	428	428	428	428	300	318	337
Bank charges		460	488	153	162	162	162	162	181	192	204
Subscriptions/LEGAL FEES		217	230	760	650	650	650	650	1 283	1 360	1 442
Security		724	768	960	700	700	700	700	1 582	1 677	1 778
Other Expenditure		811	8 841	400	2 751	2 751	2 751	2 751	19 194	20 346	21 567
Total 'Other' Expenditure	1	22 623	35 860	23 209	26 484	28 543	28 543	28 543	40 948	43 405	46 010
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials		2 192	2 115	3 048	6 822	8 015	8 015		8 131	8 619	9 136
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	2 192	2 115	3 048	6 822	8 015	8 015	–	8 131	8 619	9 136

Table 42 MBRR Table SA2 - Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Council	Vote 2 - Municipal Manager	Vote 3 - Financial Services	Vote 4 - Corporate and Community	Vote 5 - Public Safety	Vote 6 - Public Health	Vote 7 - Protection Services	Vote 8 - Technical Services	Vote 9 - Refuse Removal	Vote 10 - Electricity	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates				9 882													9 882
Property rates - penalties & collection charges				580													580
Service charges - electricity revenue										1 086	22 702						23 788
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue																	-
Service charges - other									507								507
Rental of facilities and equipment																	3 146
Interest earned - external investments				3 146													-
Interest earned - outstanding debtors																	-
Dividends received																	-
Fines								20 000									20 000
Licences and permits								2 516									2 516
Agency services					37												-
Other revenue				580						670							1 257
Transfers recognised - operational			7 286	69 324													76 610
Gains on disposal of PPE										608							608
Total Revenue (excluding capital transfers and contributions)		-	7 286	83 513	37	-	-	22 516	1 785	1 086	22 702	-	-	-	-	-	138 925
Expenditure By Type																	
Employee related costs																	42 317
Remuneration of councillors		6 107	2 649	6 095	9 523	3 215		7 373	10 571	726	2 164						6 107
Debt impairment				11 130													11 130
Depreciation & asset impairment									3 700								3 700
Finance charges																	-
Bulk purchases											22 304						22 304
Other materials		15	30	11	30			85	9 409	500	1 305						11 385
Contracted services																	-
Transfers and grants				129	950						110						1 189
Other expenditure		2 150	11 708	10 162	7 367	1 100		3 934	3 315	656	376						40 768
Loss on disposal of PPE																	-
Total Expenditure		8 272	14 387	27 526	17 870	4 315	-	11 393	26 995	1 862	26 259	-	-	-	-	-	138 900
Surplus/(Deficit)		(8 272)	(7 101)	55 986	(17 833)	(4 315)	-	11 124	(25 211)	(796)	(3 557)	-	-	-	-	-	25
Transfers recognised - capital																	27 399
Contributions recognised - capital									18 899		8 500						-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		(8 272)	(7 101)	55 986	(17 833)	(4 315)	-	11 124	(6 312)	(796)	4 943	-	-	-	-	-	27 424

Tab

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		–	500		500	500	500	500			–
Other current investments > 90 days		67 040	25 370		15 500	15 500	15 500	15 500	25 000	10 049	5 018
Total Call investment deposits	2	67 040	25 870	–	16 000	16 000	16 000	16 000	25 500	10 049	5 018
Consumer debtors											
Consumer debtors		2 649	4 604	3 791	54 017	54 017	54 017	54 017	57 258	60 694	64 335
Less: Provision for debt impairment		(124)	(1 768)	(80)	(14 358)	(14 358)	(14 358)	(14 358)	(11 130)	(11 798)	(12 506)
Total Consumer debtors	2	2 526	2 836	3 711	39 659	39 659	39 659	39 659	46 128	48 896	51 829
Debt impairment provision											
Balance at the beginning of the year		73		2 914	14 460	14 460	14 460	14 460	24 960	26 458	28 045
Contributions to the provision		51		11 546	10 500	10 500	10 500	10 500	11 130	11 798	12 506
Bad debts written off											
Balance at end of year		124	–	14 460	24 960	24 960	24 960	24 960	36 090	38 256	40 551
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		120 437	161 315	180 923	260 340	179 593	179 593	179 593	187 715	222 293	258 945
Leases recognised as PPE											
Less: Accumulated depreciation		3 137	17 455	21 203	43 980	26 255	26 255	26 255			
Total Property, plant and equipment (PPE)	2	117 300	143 860	159 720	216 360	153 338	153 338	153 338	187 715	222 293	258 945
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
Trade and other payables											
Trade and other creditors		2 878	3 710	4 758	2 645	2 645	2 645	2 645	2 804	2 972	3 150
Unspent conditional transfers		13 526		295	–						
VAT											
Total Trade and other payables	2	16 404	3 710	5 053	2 645	2 645	2 645	2 645	2 804	2 972	3 150
Non current liabilities - Borrowing											
Borrowing											
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing	4	–	–	–	–	–	–	–	–	–	–
Provisions - non-current											
Retirement benefits		2 312			2 642	1 142	1 142	1 142	1 250	1 325	1 405
List other major provision items											
Refuse landfill site rehabilitation											
Other		3 449	6 912	4 946	1 412	1 412	1 412	1 412	1 496	1 586	1 681
Total Provisions - non-current		5 761	6 912	4 946	4 054	2 554	2 554	2 554	2 746	2 911	3 086
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		141 490	184 953	190 125	243 994						
GRAP adjustments											
Restated balance		141 490	184 953	190 125	243 994	–	–	–	–	–	–
Surplus/(Deficit)		34 540	11 967	16 791	29 460	23 284	23 285	23 970	27 426	7 805	6 547
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments				37 078	7 881						
Accumulated Surplus/(Deficit)	1	176 030	196 919	243 994	281 336	23 284	23 285	23 970	27 426	7 805	6 547
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	176 030	196 919	243 994	281 336	23 284	23 285	23 970	27 426	7 805	6 547

le 43 MBRR Table SA3 – Supporting detail to Statement of Financial Position

21.3. TARIFF CHARGES 2016/17

A. TOWN PLANNING	<u>2015/16</u>	<u>2016/17</u>
1.1 Consideration for approval of subdivisions/consolidations		
1.1.1 Basic fee		
1.1.2 Additional fee, per subdivision (Remainder to be considered a subdivision)	1181,9	1260
1.1.3 Amendment of subdivision in process	148,35	158
1.1.4 Application for registration of right of way servitudes/long term leases- Administration fee (note – this excludes legal fees)	296	316
1.1.5 Application for phasing/cancellation of approved layout plans –Administration fee	296	316
	2 068,00	2204
2. Application for relaxation of building line and / or side and rear spaces in terms of Town Planning clauses (per application)		
3. Rezoning application	886	944
3.1 Rezoning of unused public open spaces in line with Councils policy (Note - advertisement, Closure and subdivision/consolidation fees would still apply)	0	0

3.2 Other rezoning:	NIL	NIL
1) Less than 1 ha	0	0
2) 1 ha and over but less than 5 ha	3 545,70	3780
3) 5 ha and over but less than 10 ha	4 137,20	4410
4) 10 ha and over	5 319,00	5670
4. Zoning certificates	7 092,50	7560
5. Special consent	295,7	315
5.1 Consent to operate home industry without additional employment opportunities (Category A)	0	0
5.2 all other consent use applications (Category B)	1 182,00	1260
6. Removal of Restrictive Conditions of Title	2 363,80	2520
7. Closure of Public Streets/ Open Spaces – Admin fee	1 774,00	1891
8. Administration of DFA Applications	443	472
1) Less than 1 ha	0	0
2) 1 ha and over but less than 5 ha	3 546,00	3780
3) 5 ha and over but less than 10 ha	4 137,20	4410
4) 10 ha and over	5 319,00	5670
9. Development outside of scheme areas	7 092,50	7560,605
1) Less than 5 ha	0	0
2) 5 ha and over but less than 10 ha	4 729,00	5041
3) 10 ha and over	6 501,00	6930
10. Public Notice	9 456,30	10080
10.1 Notices in the legal section	0	0
10.2 Notices in the body of the paper	2 955,30	3150
11. Hearings	6 856,00	7308
12. Fines – as per Section 75 and 89 of the Planning and Development Act	Cost plus 10%	Cost plus 10%

12.1 Fines as per Section 75	0	0
12.2 Additional penalties in accordance with Section 76	as per Court Order	as per Court Order
12.3 Section 89 Civil Penalty	as per Court Order	
	10-100% of value of illegal building/construction etc	10-100% of value of illegal building/construction etc
B. CHARGES FOR THE SUBMISSION OF PLANS FOR NEW BUILDINGS OR ALTERATIONS OR EXTENSIONS TO EXISTING COMPLETED BUILDING		
1. New works		
For each new building or additions to existing buildings		
per square metre:		
a. for the first 20m²		
b. Each additional 10m² or part thereof up to 5 000m²	254,4	271
c. Each additional 10m² or part thereof more Than 5 000m² and up to 15 000m²	35	37

d. Each additional 10m² or part thereof more Than 15 000m²	30	32
e. for swimming pools	378,4	403
f. for boundary walls	378,4	403
g. For any other plan submitted other than Described above, a fixed tariff of	355	378
h. for a permit for minor structures in terms of Act 103 of 1997, a fixed tariff of	567	604
2. As built or amended plans	254,4	271
For as built plans, 25% of existing submission fee, plus	0	0
Full tariff for additional new works		0
3. Internal alterations to existing buildings	0	0
Any form of internal alterations to existing buildings of	0	0

Any nature not defined as “as built” or amended plans”	0	0
(I.e. plans passed and structures which have already	0	0
Passed occupation requirements)		0
a. Fixed tariff: Structures up to 500m²	0	0
b. Structures up to 5000m²	378,4	403
c. Structures exceeding 5000m²	756,9	807
4. For the renewal of plans which have expired	1 383,30	1475
5. Reproduction of Building Plans	50% of existing submission fee	50% of existing submission fee
Reproduction of building plans on paper	0	0
a. A0	0	0
b. A1	48	51
c. A2	35	37

d. A3	30	32
Reproduction of building plans on Plastic Film	23,3	25
a. A0	0	0
b. A1	130,4	139
c. A2	76,3	81
d. A3	53	56
	41,3	44
6. Minor works in terms of the National Building Regulations or other work not listed above		0
7. Amendments to plans	82,7	88
8. Non - compliance with Building Inspectors Instructions	82,7	88
9. Additional on site inspections - per visit of Municipality	314	335
10. Verge Deposit (refundable at discretion of Municipality)	83	88
11. Signs - Post type signs, i.e. the type of sign	378,4	403

Designed to take inter-changeable posters:	0	0
Charge for inspection plans	100,7	107
C. BUS AND TAXI RANKS		
Fee for the issue or renewal of a permit to use a public vehicle stand:		
1. Public buses, per annum for each bus	337	359
2. Per annum for each bus in excess of two in the same ownership	201,4	215
3. Taxis, per annum	165,4	176
4. Agents for the privilege of operating from the Bus Rank, per vehicle per annum or part thereof	153,7	164

D. CEMETERY		
1. Burial fees:		
a. Where the deceased immediately before His death was resident in the Council's area Of jurisdiction or alternatively reserved a site		0
b. Where the deceased was not a resident As in (a)	378,4	403
2. Reservation fees	880,9	939
A non-refundable amount shall be payable for each plot reserved for residents		0
3. Indigent support grant - (in terms of the Indigent Support Policy as approved by Council, from time to time.)	378,4	400
4. Pauper Burial	1000	1000
E. COMMANAGE	FREE	FREE
1. Grazing fee - payable monthly in advance for every ha of land rented		

F. EXECUTION OF WORK	41,3	44
For the execution of the following services for the purposes envisaged in sections 219 and 220 of the Local Authorities Ordinance, No.25 of 1974, the following charges shall be levied and paid, provided that prior to these services being undertaken, arrangements to the satisfaction of the Municipal Manager shall be made for the payment of the amount involved, except where it is specifically stated that the fees shall be paid in advance:		
1. Hardening of footpaths, including the reinstatement of existing footpaths:		
2. Special drainage connecting storm water drains and channels from private property to open channels and adjoining kerb (connections up to and including 150mm diameter Pipes) across footpaths:	Cost plus 20%	Cost plus 20%
3. Reinstatement of road surfaces:	Cost plus 20%	Cost plus 20%
4. Altering of storm water culverts channels, sewers, Kerbs or footpaths to permit the erection of veranda	Cost plus 20%	Cost plus 20%
Columns or other structures:		

5. Erection of street gutter bridges or kerb entrances across street drains:	Cost plus 20%	Cost plus 20%
a. When constructed simultaneously with the laying of any street		
b. When constructed after the street has been completed:	No charge	No charge
6. Jobbing, etc. In respect of any materials or repairs, construction or any other work, there shall be	Cost plus 20%	Cost plus 20%
payable the actual cost to the Council plus		
G. MISCELLANEOUS		
1. Valuations		
1.1. Notice of appeal in terms of section 53 of the Property Rates Act, No. 6 of 2004.		

1.2. Valuation roll, per copy	153,7	164
1.3. Valuation certificate for issue reflecting the rateable value of property appearing in the valuation roll	165,3	176
2. Any certificate in terms of section 118 of the Municipal Systems Act.	112,4	120
3. Application fees and deposits for a licence/permit for outdoor advertising	112,4	120
Every person who applies to the Council for its approval or permission shall, on making application, pay to the Council the charge determined therefore and no application shall be considered until such charge has been paid; the charges are set out below:		
3.1.1. A non-refundable application fee of R188.70 (One hundred and eighty eight Rand seventy cents) must be tendered with each application for sign types 2 (ground signs), 3 (wall signs), 4 (roof signs) and 5 (veranda, balcony, canopy and under-awning signs). Any minor amendment to an application, considered by the duly authorised official of Council to be a minor amendment, may be submitted at a reduced application fee of R56.00		0

(Fifty six Rand) each.		
3.1.2. A non-refundable application fee of R567.0 (Five Hundred and Sixtyseven Rand ten cents) must be tendered with each application for sign type 1 (billboards) and all non-locality bound signs in excess of 12m².	188,7	201
3.1.3. The approval fee for 1 and 2 is R53.00 (Fifty three Rand) per square metre of advertising display or part thereof with a minimum fee of R53.00 (Fifty three Rand) per application.	567,1	605
3.1.4. A non-refundable application fee of R64.70 (Sixty four Rand seventy cents) must be tendered with each application for advertisements for sign types 6 (posters, banners and flags).	53	56

3.1.5. On approval of posters, the applicant must purchase non-refundable stickers from the Council which are to be clearly visible on all posters displayed as follows:	64,7	69
R1.20 (One Rand, twenty cents) per sticker to be paid for each poster to be		0

Displayed for non-profit bodies only. These posters must display the fundraising numbers of the bodies or a formal constitution has to be submitted to the Council. No commercial advertising and logos of sponsors will be permitted to appear on such posters;		0
---	--	----------

a. R3.00 (Three Rand) per sticker to be paid for each poster to be displayed for religious, sporting, social, cultural, political and other events. A subordinate percentage of commercial advertising and logos of sponsors is permitted to appear on such posters; or	R1.20 per sticker	R1.30 per sticker
b. R5.90 (Five Rand ninty cents) per sticker to be paid for each poster to be displayed for events considered by the Council or its duly authorised officials to be primarily of a commercial nature.	R3.00 per sticker	R3.20 per sticker
3.1.6. A non-refundable application fee of R716.50 (Seven Hundred and sixteen rand fifty cents) per annum or part thereof must be tendered with the annual application for sign type 7 (estate agents' boards); the maximum number of boards required at any given time to be specified in such application.	R6.00 per sticker	R6.40 per stcker
3.1.7. A non-refundable application fee must be tendered with the annual application for sign type 7 (portable boards or any other collapsible structure).	756,9	807
3.1.8. A non-refundable application fee of R254.40 (Two Hundred and fifty four rand forty cents) must be tendered with each application for sign type 8 (aerial advertisements); adequate public liability insurance for the duration of display will also need to be furnished to Council's satisfaction.	254,4	271

MAY 2016

A0	41,3	44
Colour A4	59,3	63
A3	35	37
A2	48	51
A1	153,7	164
A0	165,3	176
8. Informal Traders p/month	218,4	233
	30	32
H. REFUSE REMOVAL		
1. Private dwelling, per refuse receptacle for clearance once a week, - Melmoth	65	69
-	23,3	25
Thubalethu		
2. Business premises, industrial premises and administrative premises of the State on a daily basis i.e. 6 days per week		
a. Up to and including 2 refuse receptacles per month	224,7	240
b. In excess of 2 but not exceeding 4 refuse receptacles, per month	295,7	315
c. In excess of 4 but not exceeding 6 refuse receptacles, per month	390	416
d. For each additional receptacle in excess of 6, Per month	94,3	101

	94,3	101
I. GARDEN REFUSE		
a. By tractor and small trailer, per load	337	360
b. By tractor and large trailer, per load	472,7	504
c. Clearing lots: Cost plus	0,25	0,25
d. Clearing of Building rubble, per load	537,4	573
K. FEES INVESTIGATING CONSUMER FAULTS		
When the Electricity Department is requested to investigate a power interruption and where it is found that such power failure is due to a fault in the installation, or to the faulty functioning of equipment used in connection therewith, the consumer shall pay the following fees:		
a. Within the Municipal area during normal Working hours	100,7	107
after working hours -	89	95
Additional		
b. Outside the Municipal area during normal working hours	165,4	176
after working hours - Additional	130,4	139
L. FEES FOR SPECIAL METER READING		
When a consumer disputes the reading of the meter and requests that the meter is read again so as to confirm this, the following fees will be Levied if found that the first reading was correct:		
M. DEFAULT IN PAYMENT	100,7	107

Where the consumer's supply has been disconnected / or due to be disconnected		
due to the non-payment of the account there shall be		
a payable fee of.		
O. COMMUNITY HALLS AND SPORTSFIELDS		
1. The following are exempt from the payment of tariffs and deposits for Community Halls:		
1.1 Meetings administered by National or Provincial Departments		
associated with National or Provincial initiatives to promote upgrading, upliftment or development within Council area of jurisdiction.		
1.2 Meeting of Senior Citizens Club, Service Clubs, Schools, Associations, Charitable/Welfare Organisations, Amateur Sports Institutions and Religious Activities (excluding church service), Ward Committee Meetings.		
2. The following tariffs and deposits are payable for the hire of the facilities:		
Community Hall		

2.1.1 Weddings		
2.1.2 Other functions that is Dances, shows, bazaars	1 471,30	1568
2.1.3 Political, Union and similar Meetings	1 069,50	1140
2.1.4 a; Church Services for day	337,1	359
b: for every three hour period	171,7	183
2.1.5 Kitchen	71	75
2.1.6 Crockery	472,8	504
2.1.7 Hiring of Round Tables in the Main Hall, Per function each	472,8	504
	41,3	44
USAGES AND TARIFFS FOR BOTH CRECHES AND P-CENTERS		
NB: No deposits for these facilities as the people who live in these areas are of a low income.		
CRECHES		
1. Weddings -		
2. Parties -	472,8	504,0048
3. a: Churches- day	201,4	215
b: for every three hour period	71	75
4. Political Meetings	41,3	44
5. Funerals	135,7	145
6. Municipality	71	75
7. Government Functions-	Free	Free
8. Community Meetings-	Free	Free
9. Sport Meetings-	Free	Free
P- CENTRES		

1. Weddings - Refundable R188.70	188,7	201
2. Parties - Refundable R188.70	188,7	201
3. a: Churches - day	188,7	201
b: for every three hour period	71	76
4. Political Meetings -	41,3	44
5. Funerals -	472,8	504
6. Municipality -	71	76
7. Government Functions -	Free	Free
8. Community Meetings	Free	Free
9. Sports Meetings	Free	Free
2.2 Preparation and Cleaning		
Where the venue is required solely for the preparation or cleaning up purposes on the day before or after the day of hire: 25% of the relevant daily hire.		
2.3 Deposits		
2.3.1. A deposit of R2112.00 shall be payable to cover any possible breakage by hirers in terms of clauses 2.1.1, 2.1.2 and 2.1.3, of which R 1795.20 is refundable, and R316.80 to be used for cleaning purposes is not refundable		
2.3.2 A deposit of R392.20 shall be payable by users in terms of clauses 1.1, 1.2 and 2.1.4, to cover any possible breakages, of which R 336.00 is refundable, and R56 to be used for cleaning purposes is not refundable		
2.5 Sports fields		

2.5.1 Deposits and Rentals		
2.5.1.1 Deposit for the Association		
2.5.1.2 Rental per day	1 181,90	1260
2.5.1.3 Two Games per day, 3 times a week	271,3	289
2.5.1.4 Association to give Council an annual fixture for the games		
2.5.2 Schools		
2.5.2.1 Rental per day		
2.5.2.2 Deposit	224,7	240
	1 181,90	1260
2.5.3 Rallies / Special Events		
2.5.3.1 Rental per day		
2.5.3.2 Deposit	1 459,00	1555
	2 363,80	2520
2.5.4 Sports Equipment		
To be used at special occasions on request.		
2.5.5 Thubalethu Sport Field: Deposit		
Hire	472,8	504
2.5.6 Regional Sports Fields: Deposit	142	151
Hire	177	189
	130,4	139
P. LIBRARY ACTIVITIES		
Library hours: Monday – Friday 10:00am – 4:00pm		
Saturday 9:00am – 11:00am		
a. Tariffs on overdue Material :		

(i) On books - per book per week		
Maximum fine		
(ii) On DVD's & Videos - on each per day		
Maximum fine		
b. Photocopies - per page		
c. Internet print out - per page	1,2	1,3
	1,8	1,9
Q. SWIMMING POOL		
a. Use of the pool between the hours per adult		
Of 10:00 & 18:00 per child	10	11
Season Ticket R 94.30 for ticket + R 94.30 for Key	5	5
b. Children up to and including 6 years of age if accompanied by an adult	170	181
c. No child aged 6 years and under, if un-accompanied by an adult, will be admitted to the pool.	Free	Free
R. FIRE BRIGADE SERVICES		
a. Fire brigade services rendered in respect of attendance at fires, emergencies and special services within the council's area of jurisdiction.		
(Note that all charges indicated are levied per hour or part thereof from the time of departure until time returned. Part of an hour is deemed to be a full hour).		

Note! For Fire & Rescue Incidents 50% of the hourly fee will apply for fires that are out on arrival, motor vehicle accidents that are of a fender bender nature and for all incidents that require a standby function by fire fighting crews.		
1.1 Attendance at fires in residential/non-profit premises		
1.2 Attendance at fires in commercial or industrial premises	1 879,40	2003
1.3 Attendance at private vehicle	2 884,30	3075
1.4 Attendance at goods vehicle or other transportation	1 879,40	2003
1.5 Attendance at grass, bush or rubbish	2 884,30	3075
1.6 Attendance at any grass, bush, garden refuse or rubbish	Free	

Fire caused by any malicious act or omission, negligence		Free
Or disregard of any law.		
1.7 Attendance at any false alarm good intent, automatic	626,5	
Fire alarm: false alarm good intent or any fire -		668
Out on arrival.		
1.8 Attendance at automatic fire alarm: false alarm condition caused by any omission, negligence or lack of	Free	

Reasonable maintenance or disregard of any law).		Free
1.9 Attendance at entrapments	1 879,40	2003
1.10 Attendance at vehicle accidents.	1 879,40	2003
1.11 Attendance at medical emergencies or other rescue	1 879,40	2003
1.12 Attendance at other humanitarian service	1 879,40	2003
1.13 Attendance at any malicious false alarm caused by any malicious act or omission, negligence or disregard of any law	1 879,40	2003
1.14 Cost of replacement of any extraordinary extinguishing	1 879,40	

Agents, supplies, materials, tools or equipment used at,		
Or damaged during any accident or in connection with		
Any such incident or the hire of any contractors or		
Equipment.		
	3 510,70	3742
2. HAZMAT OR SPILLAGES		
2.1 Attendance at hazardous substance incidents		

2.2 Attendance at fuel spillages and road obstructions on roadway	3 510,70	3742
2.3 Attendance at any malicious false alarm caused by any Malicious act or omission, negligence or disregard of any law	3 510,70	3742
2.6 Cost of replacement of any extraordinary extinguishing agents, supplies, materials, tools or equipment used at, or damaged during any incident or in connection with any such incident or the hire of any contractors or equipment.	1 879,40	2003
	Cost plus 15%	Cost plus 15%
3. SPECIAL SERVICES		
3.1 Pumping operations (hourly rates plus cost of water) refer to charges set out in section B.2.		
3.2 Miscellaneous special services		
3.3 Standby services		
3.4 Attendance at Bee, Snake or other dangerous creature complaints p/hr		
3.5 Equipment loan: emergency life support p/hr	378,3	403
3.6 Cost of replacement of any extraordinary extinguishing	23,6	

Agents, supplies, materials, tools or equipment used at,		
Or damaged during any incident or in connection with		25,1576
Any such incident or the hire of any contractors or		
Equipment.		Cost plus 15%
		Cost plus 15%

B. FIRE BRIGADE SERVICES RENDERED IN RESPECT OF		
ATTENDANCE AT FIRES, RESCUES, HAZARDOUS		
MATERIAL INCIDENTS AND SPECIAL SERVICES, OUTSIDE		

COUNCIL'S AREA OF JURISDICTION		
(Note that all charges indicated below are levied per hour or part thereof		
From the time of departure until time returned. Part of an hour is deemed		
To be a full hour).		
1 TURN - OUT FEE AND REPLACEMENT COSTS		

1.1. A Turn – out fee will be levied in addition to the charges		
Specified in B.2. Below.		
1.2. This turn – out fee is not applicable in respect of an Official Mutual Aid Agreement between Fire Brigade	2 133,80	2275
Services.		
1.3. Cost of replacement of any extraordinary extinguishing		

Agents, supplies, materials, tools or equipment used at,		
Or damaged during any incident or in connection with		
Any incident or in connection with any such incident or		
The hire of any contractors or equipment.		

	Cost plus 15%	Cost plus 15%
2. VEHICLES PERSONNEL & EQUIPMENT		
2.1. Per fire tender or rescue appliance	2 884,20	3075
2.2. Per equipment trailer	502,4	535
2.3. Per aquatic rescue craft	502,4	535
2.4. Per staff car / bakkie	626,5	668
2.5. Per item of portable motor driven equipment	188,7	201
2.6. Per kilometre per fire tender or rescue vehicle	11,9	13
2.7. Per kilometre per staff car	5,9	6
2.8. Per fire officer	313,8	335
2.9. Per fire-fighter	188,7	201
C. FIRE SAFETY SERVICES		
1. Registration of flammable substance installations		
And vehicles		
2. Investigation of fires	130	139
3. Per copy of incident report		
4. Standby services	65	69
5. Fire survey as requested		

D. CONTROL CENTER SERVICES		
1. Monthly monitoring fee: Alarm systems linked to fire control		
2. Copy of alarm or incident report	153,7	164
	64,7	69
NOTE! The Company Directors reserve the right to waive any of the above charges.		
POUND FEES		
1. Transport fees		
The kilometre tariff for vehicle which, in the discretion of the pound keeper, is reasonably necessary to transport the relevant animal to the pound, as determined by the Automobile Association of South Africa (AA) from time to time.		
2. All inclusive Pound fee, which include:		
a) the pound fee; i) R23.30 per day, or part thereof for any pig, sheep or goat:		
b) a tending fee;	23,3	25
c) dipping or spraying fees; ii) R 64.70 per day, or part thereof, for any other animal	0	0
d) wound dressing costs and fees;	64,7	69

TARIFFS BASED IN 6.6% INCREASE		

2.14 MUNICIPAL MANAGERS' QUALITY CERTIFICATE



✉ 11
MELMOTH
3835
☎ (035) 450 2082
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[e-Mail: metlc@mweb.co.za](mailto:metlc@mweb.co.za)

Mthonjaneni Municipality

I **N.W Zikhali** municipal manager of Mthonjaneni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name **NKOSINATHI ZIKHALI**
Acting Municipal manager of Mthonjaneni Municipality (KZN285)

Signature _____

Date **26 May 2016**

